The Ontario Securities Commission

OSC Bulletin

August 3, 2001

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The Ontario Securities Commission Administers the Securities Act of Ontario (R.S.O. 1990, c.S.5) and the Commodity Futures Act of Ontario (R.S.O. 1990, c.C.20)

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1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

August 3, 2001

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
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20 Queen Street West
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H. Lorne Morphy, Q. C.	—	HLM
R. Stephen Paddon, Q.C.	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Mark Bonham and Bonham & Co. Inc.** s. 127 Mr. A.Graburn in attendance for staff. Panel: TBA
July 27/2001 10:00 a.m.	**Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation** s. 127 and 127.1 Staff: Sarah Oseni Panel: PMM
July 9 - 12 July 16 -19 July 23-26 July 30 - Aug 2 August 13 -16 August 20,22,23 August 27-30 /2001 10:00 a.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s. 127 K. Daniels / M. Code / J. Naster / I. Smith in attendance for staff. Panel: HIW / DB / RWD
August 13/2001 10:00 a.m.	**Jack Banks et al.** s. 127 Mr. Tim Moseley in attendance for staff. Panel: TBA

September 11/2001 10:00 a.m.	**Livent Inc., Garth Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol** s. 127 and 127.1 Ms. Johanna Superina in attendance for staff. Panel: TBA
October 24/2001 10:00 a.m.	**Sohan Singh Koonar** s. 127 and 127.1 Ms. Johanna Superina in attendance for staff. Panel: PMM

ADJOURNED SINE DIE

Buckingham Securities Corporation, Lloyd Bruce, David Bromberg, Harold Seidel, Rampart Securities Inc., W.D. Latimer Co. Limited, Canaccord Capital Corporation, BMO Nesbitt Burns Inc., Bear, Stearns & Co. Inc., Dundee Securities Corporation, Caldwell Securities Limited and B2B Trust

Michael Bourgon

DJL Capital Corp. and Dennis John Little

Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall, DJL Capital Corp., Dennis John Little and Benjamin Emile Poirier

First Federal Capital (Canada) Corporation and Monter Morris Friesner

Global Privacy Management Trust and Robert Cranston

Irvine James Dyck

M.C.J.C. Holdings Inc. and Michael Cowpland

Offshore Marketing Alliance and Warren English

Robert Thomislav Adzija, Larry Allen Ayres, David Arthur Bending, Marlene Berry, Douglas Cross, Allan Joseph Dorsey, Allan Eizenga, Guy Fangeat, Richard Jules Fangeat, Michael Hersey, George Edward Holmes, Todd Michael Johnston, Michael Thomas Peter Kennelly, John Douglas Kirby, Ernest Kiss, Arthur Krick, Frank Alan Latam, Brian Lawrence, Luke John Mcgee, Ron Masschaele, John Newman, Randall Novak, Normand Riopelle, Robert Louis Rizzuto, And Michael Vaughan

S. B. McLaughlin

Southwest Securities

Terry G. Dodsley

Wayne Umetsu

PROVINCIAL DIVISION PROCEEDINGS

Date to be announced	**Michael Cowpland and M.C.J.C. Holdings Inc.** s. 122 Ms. M. Sopinka in attendance for staff. Ottawa
August 20/ 2001 9:00 a.m. Courtroom E	**1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod** s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto

September 17/2001 9:30 a.m.	**Einar Bellfield** s. 122 Ms. Sarah Oseni in attendance for staff. Courtroom 111, Provincial Offences Court Old City Hall, Toronto	
Reference:	John Stevenson Secretary to the Ontario Securities Commission (416) 593-8145	

1.1.2 Approval of 32-501 Direct Purchase Plans

NOTICE OF COMMISSION APPROVAL OF RULE 32-501 DIRECT PURCHASE PLANS

On July 24, 2001, the Commission made Rule 32-501 Direct Purchase Plans as a rule under the Act.

The Rule was sent to the Ministry on July 27, 2001. The Rule is being published in Chapter 5 of the Bulletin.

1.2 Notice of Hearing

1.2.1 Principals of CCI Capital: Ricardo Molinari et al.

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
RICARDO MOLINARI, ASHLEY COOPER,
THOMAS STEVENSON, MARSHALL SONE,
FRED ELLIOTT,
ELLIOTT MANAGEMENT INC., AND
AMBER COAST RESORT CORPORATION

NOTICE OF HEARING
(Section 127 and 127.1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at its offices on the 17th Floor, 20 Queen Street West, Toronto, Ontario commencing on July 27, 2001 at 10:00 a.m. or as soon thereafter as the hearing can be held:

TO CONSIDER whether, pursuant to section 127(1) and 127.1 of the Act, it is in the public interest for the Commission to make an Order that:

(a) the registration of one or more of the respondents be terminated or suspended or restricted for such period as the Commission may order;

(b) one or more of the respondents cease trading in securities permanently or for such period as the Commission may order;

(c) one or more of the respondents resign any positions the respondent holds as a director or officer of an issuer;

(d) prohibits one or more of the respondents from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may order;

(e) one or more of the respondents be reprimanded;

(f) one or more of the respondents pay the cost of the Commission's investigation;

(g) one or more of the respondents pay the costs of, or related to the Commission's hearing; and/or

(h) the Commission may deem appropriate;

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

June 15, 2001.

"John Stevenson"

1.2.2 Principals of CCI Capital: Ricardo Molinari et al. - Statement of Allegations

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
RICARDO MOLINARI, ASHLEY COOPER,
THOMAS STEVENSON, MARSHALL SONE,
FRED ELLIOTT,
ELLIOTT MANAGEMENT INC.,
AND AMBER COAST RESORT CORPORATION

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

The Parties

1. Ricardo Molinari ("Molinari") was, at all material times, registered with the Ontario Securities Commission (the "Commission") to sell mutual fund securities and was the vice-president of CCI Capital Canada Limited ("CCI"). CCI was, at the material time, a corporation registered pursuant to Ontario securities law as a mutual fund dealer. Molinari was a controlling shareholder of CCI for part of the relevant time

2. Ashley Cooper ("Cooper") was, at all material times, the registered compliance officer of CCI and was registered with the Commission to sell mutual fund securities. Cooper is not currently registered with the Commission.

3. Thomas Stevenson ("Stevenson") was, at all material times, registered with the Commission to sell mutual fund securities and sponsored by CCI. Stevenson was, for part of the relevant time, a shareholder of CCI.

4. Marshall Sone ("Sone") was a chartered accountant and the chief financial officer of CCI from February 1999 to April 1999.

5. Fred Elliott ("Elliott") was, at all material times, a director and sole shareholder of Elliott Management Inc. ("EMI"). Elliott is also a director and officer of Amber Coast Resort Corporation ("Amber Coast"). EMI is in the business of raising funds for investments in new ventures. Amber Coast is a corporation organized pursuant to the laws of Turks and Caicos Islands. Neither EMI nor Elliot was registered with the Commission at the relevant time.

Amber Coast Resort Corporation

6. On or about September 29, 1997 Amber Coast retained EMI as a promoter to raise development financing for a resort project owned by Amber Coast called "Hacienda Elizabeth".

7. Amber Coast, through EMI, created two offerings for its securities which relied on separate exemptions from the prospectus and registration requirements of the Act. No prospectus for Amber Coast was ever filed with or receipted by the Commission.

8. In August or September 1998, Elliott approached Molinari and Stevenson to determine if CCI would participate in the sale of Amber Coast units.

9. On September 1, 1998, EMI and CCI entered into an agreement signed by Elliot on behalf of EMI and Stevenson on behalf of CCI. The terms of this agreement included the following:

   a. CCI would "place" $200,000 worth of units by September 30, 1998 and an additional $400,000 worth of units by November 30, 1998; and

   b. CCI would receive $60,000 US in fees and access to a three bedroom luxury villa for one week per year for 5 years as an "all-expense paid incentive".

10. After the agreement was signed, Stevenson attended the Hacienda Elizabeth resort on behalf of CCI to perform due diligence on the investment. Stevenson's work in this regard led him to conclude that the investment was a viable one.

11. Although CCI was never registered as a limited market dealer, CCI encouraged its sales representatives to sell units of Amber Coast to their clients. In particular, Stevenson wrote to Gordon (a CCI mutual fund representative) on September 15, 1998 and recommended Amber Coast as a good investment opportunity for his clients. In addition, Stevenson spoke about Amber Coast at a meeting of CCI branch managers on October 7, 1998 and introduced Elliott to speak about Amber Coast at a branch managers' meeting on November 9, 1998.

12. CCI clients invested a total of $130,000 in Amber Coast through two of their mutual fund representatives. To complete the investment, each investor signed a trust agreement which identified CCI as the trustee and the investors as beneficiaries. The trust agreements were signed by Molinari on behalf of CCI.

13. CCI paid referral fees of 5% of the monies invested to of their sales representatives by way of commission cheques signed by Molinari.

14. The trust agreements signed by investors provided for a 10% return to investors. The investors were not informed that CCI was receiving a 12.5% return and was retaining the additional 2.5% paid by quarterly distribution. CCI's retention of these monies constituted a secret commission of which Molinari was the beneficiary.

15. Elliott, EMI and Amber Coast were aware by late September or early October 1998 that CCI was selling units of Amber Coast to its clients pursuant to the trust agreements. The sale by CCI to its clients made the prospectus exemption upon which the offering relied

inapplicable. Furthermore, CCI was not licensed to sell this type of offering to its clients.

16. Elliott, EMI and Amber Coast knew or ought to have known of the deficiencies outlined in paragraph 17 and they facilitated CCI's contravention of the registration requirements of the Act. In addition, Elliott, EMI and Amber Coast were aware that CCI was retaining the additional 2.5% above what the investors were receiving.

17. As the registered compliance officer of CCI, Cooper ought to have prevented the sale of Amber Coast units by representatives who were not licensed for this type of trading. Although Cooper became aware of this activity at least by February 1999, he did not even investigate the activities until July 1999. Gordon was never reprimanded even though he continued to be sponsored by CCI throughout this time.

18. Molinari, Stevenson and Cooper authorized, permitted and acquiesced in the unlicensed trading by CCI's mutual fund representatives.

Misappropriation of Client Funds

19. On November 25, 1998 and December 2, 1998, two CCI clients provided funds to CCI for the purpose of investing in Amber Coast. These funds were improperly deposited in CCI's US dollar bank account and not in a trust account as required by Ontario securities law. CCI delayed transferring the funds to EMI during which time CCI improperly had the benefit of client funds.

20. On December 31, 1998, EMI paid distributions for the Amber Coast investment on behalf of CCI clients directly to CCI in the amount of $2,934.26 US. The funds were improperly deposited into CCI's US dollar account then were transferred out the next day to an account other than CCI's trust account. These funds were never paid to CCI's clients and therefore were misappropriated by CCI.

21. Molinari caused the misappropriation of client funds as outlined in paragraphs 21 and 22 and was the beneficiary of that misappropriation.

Trust Accounts

22. Between December 11, 1998 and January 8, 1999, CCI improperly transferred client deposits from CCI's trust account to its operating account and to related companies in violation of Ontario securities law. Molinari was responsible for CCI's banking during this period and therefore was responsible for this contravention of Ontario securities law.

Unacceptable Auditor

23. The financial statements for CCI for the year ended March 30, 1998 were signed by Marshall Sone as auditor on March 5, 1999. The financial statements were signed by Cooper and Molinari as the directors of CCI. At the time that the financial statements were signed by Sone, he was the chief financial officer of CCI.

24. Because he was an officer of CCI, Sone was not an acceptable auditor under Ontario securities law. Cooper and Molinari knew or ought to have known that it was a contravention of Ontario securities law for Sone to perform the audit and they should not have signed the financial statements.

25. Sone knew or ought to have known that, as an officer of CCI, he could not perform an independent audit and his role in performing and signing the audit opinion violated Ontario securities law.

Website of CCI

26. CCI Capital Corp., an insurance company associated with CCI, maintained, at all material times, a website on the world wide web to recruit insurance agents. Sections of the website were directed to CCI's activities as a mutual fund dealer.

27. The website made representations which contravened CCI's obligations as a registrant. These representations included the following:

    a. A representation that CCI offered "limited partnership opportunities" even though CCI was never registered as a limited market dealer; and

    b. A representation that mutual fund representatives could dictate their marketing and advertising as they "see fit", could sell financial products of their choice and could operate in a less restrictive environment. These representations suggested that compliance oversight was not active at CCI contrary to the requirements of the Act.

28. Molinari was responsible for the website and therefore was responsible for its content which contravened the public interest. As the registered compliance officer of CCI, Cooper failed to take steps to monitor the website and ensure that its content was acceptable.

Other Compliance Issues

29. In March 1999, the Compliance Branch of the Commission conducted a field review of CCI's operations. A report dated June 8, 1999 was prepared and forwarded to CCI (the "Compliance Report"). In addition to the unregistered trading activities and trust account irregularities identified above, the Compliance Report identified numerous deficiencies in CCI's operations. These deficiencies included the following:

    a. failure to maintain interest-bearing trust accounts;

    b. failure to register branches and sub-branches;

    c. failure to prepare and monitor monthly capital calculations and to prepare monthly financial statement in accordance with GAAP;

d. failure to carry the required insurance coverage;

e. failure to maintain and provide complete general ledger information; and

f. failure to establish adequate controls.

30. As the registered compliance officer of CCI, Cooper failed to establish proper compliance procedures and controls as identified in the Compliance Report.

31. In addition, Cooper took no steps to respond to the Compliance Report. His failure to do so was a breach of his duties as the registered compliance officer.

Conduct Contrary to the Public Interest

32. The conduct of Molinari was contrary to the public interest in the following ways:

a. Molinari authorized, permitted and acquiesced in trading by mutual fund representatives of shares of a distribution which relied on an exemption from the prospectus requirements. The mutual fund representatives and CCI were not licensed to engage in this trading which contravened subsection 25(1) of the Act;

b. Molinari authorized, permitted and acquiesced in the receipt by CCI of a secret commission of which Molinari was the beneficiary in contravention of subsection 36(1) of the Act;

c. Molinari caused CCI to misappropriate funds from investors and was the beneficiary of the misappropriation;

d. Molinari caused CCI to improperly transfer client funds from CCI's trust account to its operating account and to related companies in contravention of section 12.03 of National Policy 39;

e. Molinari signed financial statements as a director of CCI when he knew that the financial statements were audited by an officer of CCI in contravention of subsection 21.10(1) of the Act and National Policy Statement Number 3; and

f. Molinari authorized, permitted and acquiesced in the inclusion of representations on the website of CCI which contravened the public interest.

33. The conduct of Cooper was contrary to the public interest in the following ways:

a. Cooper authorized, permitted and acquiesced in trading by mutual fund representatives of shares of a distribution which relied on an exemption from the prospectus requirements. The mutual fund representatives and CCI were not licensed to engage in this trading which contravened subsection 25(1) of the Act;

b. Cooper signed financial statements as a director of CCI when he knew that the financial statements were audited by an officer of CCI in contravention of subsection 21.10(1) of the Act and National Policy Statement Number 3; and

c. Cooper failed to establish proper compliance procedures and controls at CCI and failed to adequately respond to the Compliance Report in contravention of his duties as CCI's registered compliance officer.

34. The conduct of Stevenson was contrary to the public interest in that he authorized, permitted and acquiesced in trading by mutual fund representatives of shares of a distribution which relied on an exemption from the prospectus requirements. The mutual fund representatives and CCI were not licensed to engage in this trading which contravened subsection 25(1) of the Act.

35. The conduct of Elliott and EMI was contrary to the public interest in the following ways:

a. Elliott and EMI failed to ensure that the requirements of the exemption upon which Amber Coast relied for the distribution of securities was met. Specifically, the sale by CCI of Amber Coast units to its clients disqualified the distribution from reliance on the prospectus exemption claimed; and

b. Elliott and EMI facilitated CCI's contravention of the registration requirements of the Act by acquiescing in the sale by CCI to its clients of Amber Coast units.

36. The conduct of Sone was contrary to the public interest in that he performed and signed off on an audit of CCI while an officer of CCI in contravention of subsection 21.10(1) of the Act and National Policy Statement Number 3.

37. Such other allegations as Staff may make and the Commission may permit.

June 15, 2001.

1.3 News Releases

1.3.1 Approve Settlement Agreement Re. Air Canada

FOR IMMEDIATE RELEASE
July 27, 2001

THE ONTARIO SECURITIES COMMISSION AND THE QUEBEC SECURITIES COMMISSION APPROVE SETTLEMENT AGREEMENTS REACHED IN THE MATTER OF AIR CANADA

Toronto - The Ontario Securities Commission (the "Ontario Commission") has approved a settlement agreement reached between staff of the Ontario Commission and Air Canada. The Quebec Securities Commission (the "Quebec Commission") also approved a separate settlement agreement reached between staff of the Quebec Commission and Air Canada. The agreements were considered today at a joint hearing of the Commissions.

These agreements were reached after a joint investigation by staff of the Ontario Commission, the Quebec Commission and the Toronto Stock Exchange.

In the agreements, Air Canada admits that on October 5, 2000, it disclosed certain material facts to industry analysts and did not disclose those same material facts generally. Air Canada further admits that on the following day, October 6, 2000, there was a significant decline in the price of Air Canada common shares. The Toronto Stock Exchange contacted Air Canada shortly after the market opened on October 6, to enquire into overnight drop in the share price of Air Canada common shares and to confirm the veracity of certain media accounts. Air Canada issued a press release at 3:57 referencing this event, but did not disclose the same information it had the evening before to the analysts. Air Canada admitted that the press release did not contain the same information that had been disclosed to analysts the previous day.

Ontario Staff alleged and Air Canada admitted that the disclosure by Air Canada was selective and contrary to the public interest. Ontario Staff also alleged, and Air Canada admitted, that the selective disclosure by Air Canada was contrary to Air Canada's own disclosure policy and was in breach of its listing agreement with the TSE, and was therefore contrary to the public interest.

By way of sanction, Air Canada has agreed to a total payment of $1,000,000, $500,000 to be payable in each province. Further to the Ontario settlement agreement, Air Canada agreed and the Ontario Commission ordered that Air Canada submit to a review by its auditors for each of the next four quarters to ensure compliance with applicable securities law, the TSE Company Manual and Air Canada's own disclosure policy, as each relates to selective disclosure. These reviews will be provided to Air Canada and the Ontario Commission and thereafter publicly disclosed.

The Ontario Commission reprimanded Air Canada.

In addition to the total $1,000,000 payment, Air Canada agreed and the Ontario Commission ordered, that it pay $80,000 to the Ontario Commission in respect of the Ontario Commission's costs of investigating this matter.

Copies of the Notice of Hearing issued by the Ontario Securities Commission, Statement of Allegations filed by Ontario Staff, the Settlement Agreement and the Order made are available at **www.osc.gov.on.ca.**

For Media Inquiries:

Michael Watson
Director, Enforcement
416-593-8156

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1-877-785-1555 (Toll Free)

1.3.2 Proceeding Against the Principals of CCI Capital Adjourned

OSC PROCEEDING AGAINST THE PRINCIPALS OF CCI CAPITAL ADJOURNED

Toronto - Friday, July 27, 2001 at a hearing before the Ontario Securities Commission (the "Commission"), the proceedings against Ricardo Molinari, Thomas Stevenson, Ashley Copper, Marshall Sone, Fred Elliot, Elliot Management Inc. and Amber Coast Resort Corporation was adjourned sine die.

Copies of the Notice of Hearing and Statement of Allegations are available at www.osc.gov.on.ca or from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario.

For Media Inquiries:

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Air Canada - Settlement Agreement

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
AIR CANADA**

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By notice of hearing dated July 25, 2001 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make an order:

   i) approving this settlement agreement entered into by Staff of the Commission ("Staff") and the respondent on July 25, 2001;

   ii) requiring a review by the respondent's auditor for each of the next four quarters to ensure compliance with applicable securities law, the Toronto Stock Exchange ("TSE") Company Manual and Air Canada's corporate policy, as each relates to selective disclosure, with such reviews to be at the expense of Air Canada and with such reviews to be submitted to Staff and to Air Canada concurrently and thereafter publicly disclosed;

   iii) pursuant to clause six of subsection 127(1) of the *Act,* that Air Canada be reprimanded; and

   iv) pursuant to subsection 127.1(1)(b), the respondent be ordered to make payment by certified cheque to the Commission in the amount of $80,000 in respect of the costs of the Commission's investigation.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff agree to recommend settlement of the proceeding initiated in respect of the respondent Air Canada, by the Notice of Hearing in accordance with the terms and conditions set out below. The respondent consents to the making of an order against it in the form attached as Schedule "A" on the basis of the facts set out below.

III. STATEMENT OF FACTS

Acknowledgment

3. Staff and the respondent agree, for the purpose of this proceeding, with the facts set out in this Part III.

Facts

a) The Respondent

4. Air Canada is a corporation continued on August 25, 1988 under the Canada Business Corporations Act, R.S.C. 1985, c. C-44, whose head office is located in St. Laurent, Quebec. Air Canada was, at all material times, a reporting issuer in Ontario. Air Canada's common shares (the "Shares") are listed on the TSE and quoted on NASDAQ.

5. On October 5, 1988, Air Canada and the TSE executed an agreement whereby in consideration for the listing on the TSE of the securities of Air Canada, Air Canada agreed, among other things, to comply with all TSE requirements applicable to listed companies.

6. In or around December 1998 Air Canada's board of directors approved the implementation of a policy regarding the public disclosure of information ("Air Canada's Public Disclosure Policy"). Air Canada's Public Disclosure Policy provides, among other things, that:

   > "Air Canada's spokesperson(s) will not comment, discuss, provide guidance on or disclose material non-public information (such as quarterly results and earnings estimates and cash flow and earnings projections for the current and following years) during a 'quiet period' which shall begin on the first day following the end of a quarter and end with the public release of Air Canada's quarterly results."

b) The Disclosure

7. On October 5, 2000, five days following the end of Air Canada's third quarter, Air Canada informed thirteen analysts covering Air Canada (the "Analysts") of information pertaining to Air Canada's earnings for its third and fourth quarters (the "Earnings Information"). The Earnings Information included, among other things, advice by Air Canada:

(i) that its earnings per share for the third quarter of the year 2000 would be $0.55 to $0.60 less than its original guidance to analysts of $1.10 to $1.15, and, therefore, an indication by Air Canada that its third quarter earnings per share would be $0.50 to $0.60; and

(ii) that, in respect of the second half of the year 2000, its earnings per share would be $0.52 to $0.59 less than previously anticipated, plus the negative impact of increased fuel costs which would amount to an additional downward adjustment of $0.42 per share.

8. The decision to inform the Analysts of the Earnings Information was made by Michael Robert Peterson ("Peterson"), who was, at all material times, Executive Vice President and Chief Financial Officer of Air Canada.

9. The actual disclosure of the Earnings Information was performed by Valerie Anne Peck ("Peck"), who was, at all material times, Director of Investor Relations of Air Canada and reported directly to Peterson.

10. Commencing at 6:40 p.m. on October 5, 2000, Peck recited the Earnings Information from a prepared script (the "Script") into the telephone voice mail system of each of the Analysts. The Script was prepared by Peterson and Peck. The text of the Script is reproduced in Schedule "B" attached hereto.

11. Air Canada's Public Disclosure Policy was in force at the time Air Canada disclosed the Earnings Information to the Analysts.

12. The disclosure by Air Canada to the Analysts of the Earnings Information was made after the close of the TSE's October 5, 2000 trading session.

13. The opening price for the Shares on October 6, 2000 was $14.00, one dollar less than the previous day's closing price of $15.00. The lowest price at which the Shares traded on October 6, 2000 on the TSE was $12.85, a decrease of $2.15 or 14% from the closing price on October 5, 2000. The closing price on October 6, 2000 of the Shares was $13.25, or a 12% decrease from the closing price on October 5, 2000 (and a 5.4% decrease from the opening price of $14.00 on October 6, 2000). The day-over-day change in the closing price of the Shares measured as at the close of the October 6, 2000 trading session of the TSE, constituted a significant decrease in the market price or value of the Shares.

14. At or around the commencement of the October 6, 2000 trading session, market surveillance staff of the TSE observed a significant price decline of the Shares and observed a media account indicating that Air Canada guided analysts expectations downward. At 9:41 a.m. TSE Staff contacted Air Canada to discuss the trading activity and make inquiries into the veracity of the media account.

15. On October 6, 2000 at 3:57 p.m., Air Canada issued a press release ("Air Canada's Press Release") which expressed disappointment in the fall in share price during the October 6 trading session of the TSE. Air Canada's Press Release stated that Air Canada expected that certain charges would be taken in the third quarter including those related to integration and passenger service costs relating to the acquisition of Canadian Airlines, labour costs related to the settlement with Air Canada's pilots, the effect of fuel price increases, and the impact of the threat of a pilot strike. Air Canada stated that this information was reviewed with analysts on October 5 and 6. The text of Air Canada's Press Release is reproduced in Schedule "C" attached hereto.

16. Air Canada's Press Release did not disclose the same information that Air Canada disclosed to the Analysts the previous evening. In particular, Air Canada's Press Release failed to disclose Air Canada's assessment of the quantitative impact that certain factors would bear on Air Canada's earnings per share in the third quarter and second half of the year 2000.

17. The disclosure of the Earnings Information by Air Canada to the Analysts occurred during Air Canada's defined 'quiet period' and was not in accordance with Air Canada's Public Disclosure Policy.

c) Statutory and Contractual Obligations of Air Canada Regarding Disclosure

18. Pursuant to subsection 76(2) of the Securities Act, R.S.O. 1990, c.S.5, as amended (the "Act"), no reporting issuer and no person in a special relationship with a reporting issuer shall inform, other than in the necessary course of business, another person or company of a material fact with respect to the reporting issuer before the material fact has been generally disclosed. In addition, the provisions of the TSE Company Manual are applicable to listed companies including Air Canada. Pursuant to section 401 of the TSE Company Manual, in order to maintain the listing of Air Canada's securities on the TSE, Air Canada must adhere to certain disclosure related obligations, including the following:

S.408A listed company is required to disclose material information concerning its business and affairs forthwith upon the information becoming known to management ...

S.411 Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this fact must be disclosed ...

d) Conduct Contrary to the Public Interest

19. The Earnings Information, considered as a whole, was a "material fact". The Earnings Information was not generally disclosed by Air Canada prior to the

disclosure of that information by Air Canada to the Analysts. By informing the Analysts of the Earnings Information before such information was generally disclosed, as such, Air Canada acted contrary to the public interest.

20. The Earnings Information was "material information" as defined in the TSE Company Manual. In the circumstances, by disclosing the Earnings Information to the Analysts and not generally disclosing the Earnings Information, as such, in a timely manner, Air Canada failed to comply with the provisions of the TSE Company Manual, as set out above, and thereby acted contrary to the public interest.

IV. MITIGATING FACTORS

21. Staff has no reason to believe that the conduct described above reflects any culture of non-compliance with its public disclosure obligations by Air Canada. Air Canada already had a comprehensive disclosure policy in place and no prior history of compliance problems.

22. Generally, sensitivity to the issue of selective disclosure has heightened in recent years. Air Canada's disclosure policies have now been substantially upgraded and include webcasting, posting of speeches on its website, dial-in conference calls with analysts open to the public and media advisories notifying the public of such disclosure events.

23. Air Canada has cooperated in the Commission's investigation.

V. TERMS OF SETTLEMENT

24. The respondent agrees to the following terms of settlement:

i) that upon the approval of this settlement agreement, Air Canada will make a total payment to the Commission in the amount of $500,000, such payment to be payable in four equal installments, with the first payment to be made immediately upon approval of this settlement agreement and thereafter in three equal installments payable at 90 day intervals, to be allocated to such third parties as the Commission may determine for purposes that benefit Ontario investors; and

an Order of the Commission:

ii) approving this settlement agreement entered into by Staff and the respondent on July 25, 2001;

iii) requiring a review by the respondent's auditor for each of the next four quarters to ensure compliance with applicable securities law, the TSE Company Manual and Air Canada's Public Disclosure Policy, as each relates to selective disclosure, with such reviews to be at the expense of Air Canada and with such reviews to be submitted to Staff and to Air Canada concurrently and thereafter publicly disclosed;

iv) pursuant to clause six of subsection 127(1) of the *Act*, that Air Canada be reprimanded; and

v) pursuant to subsection 127.1(1)(b), that Air Canada will make payment by certified cheque to the Commission in the amount of $80,000 in respect of the costs of the Commission's investigation.

VI. STAFF COMMITMENT

25. If this settlement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission to hold a hearing or issue any other order in respect of any conduct or alleged conduct of the respondent or any officer, director or employee of the respondent in relation to the facts set out in Part III of this agreement.

26. If this settlement is approved by the Commission, Staff will not initiate any other proceeding against the respondent or any officer, director or employee of the respondent in relation to the facts set out in Part III of this agreement.

VII. PROCEDURE FOR APPROVAL OF SETTLEMENT

27. Approval of the settlement set out in this agreement shall be sought at the public hearing of the Commission scheduled for July 27, 2001, or such other date as may be agreed to by Staff and the respondent, in accordance with the procedures described in this agreement.

28. Staff and the respondent agree that if this agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the respondent in this matter, and the respondent agrees to waive its rights to a full hearing and appeal of the matter under the Act.

29. Staff and the respondent agree that if this settlement is approved by the Commission, no party to this agreement will make any public statement inconsistent with this agreement.

30. If, at the conclusion of the settlement hearing, and for any reason whatsoever, this settlement is not approved by the Commission or an order in the form attached as Schedule 'A' is not made by the Commission:

(i) this settlement agreement and all negotiations leading up to it shall be without prejudice to the Staff and the respondent and each of Staff and the respondent will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this agreement or the settlement negotiations;

(ii) the terms of this agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and the respondent or as may be required by law; and

(iii) the respondent agrees that it will not, in any proceeding, refer to or rely upon this agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VIII. DISCLOSURE OF AGREEMENT

31. Counsel for Staff or for the respondent may refer to any part or all of this agreement in the course of the hearing convened to consider this agreement. Otherwise, this agreement and its terms will be treated as confidential by all parties to the agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission, except with the written consent of all parties or as may be required by law.

32. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

IX. EXECUTION OF SETTLEMENT AGREEMENT

33. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

July 25, 2001.

AIR CANADA
Per:

John M. Baker
Senior Vice President and General Counsel

STAFF OF THE ONTARIO SECURITIES COMMISSION
Per:

Michael Watson
Director, Enforcement Branch

SCHEDULE "A"

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, c.S.5, AS AMENDED

AND

IN THE MATTER OF
AIR CANADA

ORDER
(Subsections 127(1) and 127.1)

WHEREAS on July 25, 2001, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990 c.S.5, as amended (the "Act") in respect of Air Canada;

AND WHEREAS Air Canada entered into a settlement agreement dated July 25, 2001 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission ("Staff"), and upon hearing submissions from counsel for Air Canada and from Staff;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED:

1. the Settlement Agreement dated July 25, 2001, attached to this Order is hereby approved;

2. Air Canada will submit to a review by its auditor for each of the next four quarters to ensure compliance with applicable securities law, the TSE Company Manual and Air Canada's Public Disclosure Policy, as each relates to selective disclosure, with such reviews to be at the expense of Air Canada and with such reviews to be submitted to Staff and to Air Canada concurrently and thereafter publicly disclosed;

3. pursuant to clause six of subsection 127(1) of the *Act*, Air Canada is hereby reprimanded;and

4. pursuant to subsection 127.1(1)(b), the Air Canada is ordered to make payment by certified cheque to the Commission in the amount of $80,000.00 in respect of the Commission's costs of the investigation.

SCHEDULE "B"

The following is a basic overview of quarter 3 and the year 2000 adjusted for:

- recorded one-time gains;
- an updated fuel view, and
- estimated one-time labour and incremental integration costs and the revenue effect of labour uncertainty at Air Canada and United Airlines.

Generally speaking, *with the exception of* higher than anticipated fuel and these one-time integration and labour-related issues, we are essentially at the earlier estimates.

Our original Q3 guidance of about $1.10 to $1.15 has to be adjusted for about 10 cents of additional fuel costs. In addition, the quarter will reflect 20 cents of one-time costs for ACPA bonuses and approximately 5 to 10 cents of one-time integration costs relating to our 180-day commitment (extra heads, overtime, IT, etc.). Finally, we estimate the revenue impact resulting from pilot uncertainty and/or actions at Air Canada and United to be in the range of 20 cents a share.

For quarter 4, increased WTI and crack spreads will cause fuel to take about 32 cents off our previous quarterly estimate of 4 to 5 cents. We also expect to expense another 7 to 9 cents a share for one-time integration expenses affecting operations. Potential risks for the fourth quarter are:

- potential revenue risk if UA labour action continues;
- any further volatility in fuel prices. Our current estimate is based on $33 WTI; sensitivity for the quarter is pretax $10 million per dollar of WTI.
- As well, there may potentially be a one-time charge for bonuses relating to intermingling, such as those to which we have already agreed with CAW (alternatively, the bonuses could be accounted for through goodwill).

In summary, the second half of the year is currently estimated to include approximately 32 to 39 cents of previously unanticipated, one-time integration costs and 20 cents of revenue hit from labour uncertainty in addition to the increased fuel.

Stepping back to gain perspective, even with all the integration noise and challenges, improved operations will have contributed enough earnings to have absorbed somewhere around 90% of the entire $150 year-over-year Q3 increase in fuel. With fuel prices as currently estimated for quarter four, we expect that year-over-year earnings improvement will exceed the year-over-year increase in fuel. The same is true for the year, in face of a fuel increase of close to one-half billion dollars. This indicates that the underlying operational performance is generating positive results, even in a profoundly transitional period.

With regard to 2001, we maintain our view that we will be able to achieve $700 million of steady state operating synergies, commencing sometime in quarter two. In our view, the biggest swing factor will be fuel, which we originally estimated at $25 WTI. Our current sensitivity to 2001 fuel is pretax $50 million for a U.S. $1 change in WTI, excluding any fare action or further hedges.

SCHEDULE "C"

Friday, October 6, 3:57 pm Eastern Time

Press Release

SOURCE: Air Canada

AIR CANADA COMMENTS ON SHARE PRICE DROP

MONTREAL, Oct.6/CNW/ - Air Canada expressed disappointment in today's fall in share price given that it appears to be based on previously available or previously disclosed information. The company believes that the retreat in share price since August was due mainly to the market's reflection of information already in the public domain.

"All of the components of the one-time reduction in third quarter earnings were previously in the public domain, and are not expected to have ongoing impact," said Rob Peterson, Executive Vice-President and Chief Financial Officer.

The one-time charges that are expect to be taken in the third quarter include charges for integration and passenger service costs relating to the acquisition of Canadian Airlines, one-time labour costs related to the settlement with Air Canada's pilots, the effect of fuel price increases, and the impact of both the pilot strike threat and the impact of United Airlines' recent operational problems on Air Canada revenue. The company reviewed this information with analysts on October 5 and 6.

"The integration and passenger service costs are expected to amount to approximately $25-$27 million higher than previously anticipated earlier in the year as was the case in the second quarter. The one-time pilot contract settlement costs of $50 million were well publicized following the federal mediator's report. Fuel price increases are well known and their impact on airlines in particular has been widely reported. We have previously discussed the impact of the pilot strike threat and United Airlines' operational problems are well known." Said Mr. Peterson.

"When the above-mentioned higher than anticipated fuel increases in September and one-time integration and labour contract settlement costs are factored out, we meet earlier analyst expectations. The fundamental business of Air Canada remains unchanged," concluded Mr. Peterson.

For further information

Nicole Couture-Simard (Montreal), (514) 422-5788

Laura Cooke (Toronto), (416) 263-5578

Angela Mah (Vancouver), (604) 643-5660

2.1.2 CI Fund Services Inc. - Decision

Headnote

Section 5.1 of O.S.C. Rule 31-506 – SRO Membership – Mutual Fund Dealers – mutual fund dealer exempted from the requirements of the Rule that it be a member of the Mutual Fund Dealers Association ("MFDA") and file with the MFDA an application and prescribed fees for the application for membership, provided that it complies with terms and conditions of registration and no longer trades in securities of mutual funds not managed by it or an affiliate on behalf of mixed portfolio clients by the prescribed date.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am.

Rules Cited

O.S.C. Rule 31-506 SRO Membership – Mutual Fund Dealers, ss. 2.1, 3.1, 5.1

Published Documents Cited

Letter Sent to The Investment Funds Institute of Canada and the Investment Counsel Association of Canada, December 6, 2000, (2000) 23 OSCB 8467.

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

ONTARIO SECURITIES COMMISSION RULE 31-506 SRO MEMBERSHIP –
MUTUAL FUND DEALERS (the "Rule")

AND

IN THE MATTER OF
CI FUND SERVICES INC.

DECISION
(Section 5.1 of the Rule)

UPON the Director having received an application (the "Application) from CI Fund Services Inc. (the "Registrant") for a decision, pursuant to section 5.1 of the Rule, exempting the Registrant from the requirements in sections 2.1 and 3.1 of the Rule, which would otherwise require that the Registrant be a member of the Mutual Fund Dealers Association (the "MFDA") on and after July 2, 2002, and file with the MFDA, no later than May 23, 2001, an application and corresponding fees for membership;

UPON considering the Application and the recommendation of staff of the Ontario Securities Commission;

AND UPON the Registrant having represented to the Director that:

1. the Registrant, a corporation incorporated pursuant to the Business Corporations Act (Ontario), is registered as a mutual fund dealer and limited market dealer under the Act. The Registrant is a wholly-owned subsidiary of CI Mutual Funds Inc. ("CMF");

2. CMF, a corporation amalgamated under the Business Corporations Act (Ontario), is registered as an adviser under the Act in the categories of investment counsel and portfolio manager. CMF is a wholly-owned subsidiary of C.I. Fund Management Inc. ("CFI");

3. CFI is a reporting issuer listed on the Toronto Stock Exchange under the symbol "CIX";

4. CMF manages 104 public mutual funds;

5. the Registrant's trading activities as a mutual fund dealer currently represent and will continue to represent activities that are incidental to the principal business activities of CFI and its affiliated companies, taken as a whole;

6. the Registrant has agreed to the imposition of the terms and conditions on the Registrant's registration as a mutual fund dealer set out in the attached Schedule "A", which outlines the activities the Registrant has agreed to adhere to in connection with its application for this Decision;

7. any person or company that is not currently a client of the Registrant on the effective date of this Decision, will, before they are accepted as a client of the Registrant, receive prominent written notice from the Registrant that:

   The Registrant is not currently a member, and does not intend to become a member of the Mutual Fund Dealers Association; consequently, clients of the Registrant will not have available to them investor protection benefits that would otherwise derive from membership of the Registrant in the MFDA, including coverage under any investor protection plan for clients of members of the MFDA;

8. upon the next general mailing to its account holders and in any event before May 23, 2002, the Registrant shall provide, to any client that was a client of the Registrant on the effective date of this Decision, the prominent written notice referred to in paragraph 7, above;

AND UPON the Director being satisfied that to do so would not be prejudicial to the public interest;

IT IS THE DECISION of the Director, pursuant to section 5.1 of the Rule, that, effective May 23, 2001, the Registrant is exempt from the requirements in sections 2.1 and 3.1 of the Rule;

PROVIDED THAT:

The Registrant complies with the terms and conditions on its registration under the Act as a mutual fund dealer set out in the attached Schedule "A".

July 25, 2001.

"Peggy Dowdall-Logie"

SCHEDULE "A"

TERMS AND CONDITIONS OF REGISTRATION

OF

CI FUND SERVICES INC.

AS A MUTUAL FUND DEALER

Definitions

1. For the purposes hereof, unless the context otherwise requires:

(a) "Act" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

(b) "Adviser" means an adviser as defined in subsection 1(1) of the Act;

(c) "Client Name Trade" means, for the Registrant, a trade to, or on behalf of, a person or company, in securities of a mutual fund, that is managed by the Registrant or an affiliate of the Registrant, where the person or company, immediately before the trade, is shown on the records of the mutual fund or of an other mutual fund managed by the Registrant or an affiliate of the Registrant as the holder of securities of such mutual fund, and the trade consists of:

(A) a purchase, by the person or company, through the Registrant, of securities of the mutual fund; or

(B) a redemption, by the person or company, through the Registrant, of securities of the mutual fund;

and where, the person or company is either a client of the Registrant that was not solicited by the Registrant or was an existing client of the Registrant on the Effective Date;

(d) "Commission" means the Ontario Securities Commission;

(e) "Effective Date" means May 23, 2001;

(f) "Employee", for the Registrant, means:

(A) an employee of the Registrant;

(B) an employee of an affiliated entity of the Registrant; or

(C) an individual that is engaged to provide, on a *bona fide* basis, consulting, technical, management or other services to the Registrant or to an affiliated entity of the Registrant, under a written contract between the Registrant or the affiliated entity and the individual or a consultant company or consultant partnership of the individual, and, in the reasonable opinion of the Registrant, the individual spends or will spend a significant amount of time and attention on the affairs and business of the Registrant or an affiliated entity of the Registrant;

(g) "Employee", for a Service Provider, means an employee of the Service Provider or an affiliated entity of the Service Provider, provided that, at the relevant time, in the reasonable opinion of the Registrant, the employee spends or will spend, a significant amount of time and attention on the affairs and business of:

(A) the Registrant or an affiliated entity of the Registrant; or

(B) a mutual fund managed by the Registrant or an affiliated entity of the Registrant;

(h) "Employee Rule" means Ontario Securities Commission Rule 45-503 Trades To Employees, Executives and Consultants;

(i) "Executive", for the Registrant, means a director, officer or partner of the Registrant or of an affiliated entity of the Registrant;

(j) "Executive", for a Service Provider, means a director, officer or partner of the Service Provider or of an affiliated entity of the Service Provider;

(k) "Exempt Trade", for the Registrant, means:

(i) a trade in securities of a mutual fund that is made between a person or company and an underwriter acting as purchaser or between or among underwriters; or

(ii) any other trade for which the Registrant would have available to it an exemption from the registration requirements of clause 25(1)(a) of the Act if the Registrant were not a "market intermediary" as such term is defined in section 204 of the Regulation;

(l) "Fund-on-Fund Trade", for the Registrant, means a trade that consists of:

(i) a purchase, through the Registrant, of securities of a mutual fund that is made by another mutual fund;

(ii) a purchase, through the Registrant, of securities of a mutual fund that is made by a counterparty, an affiliated entity of the counterparty or an other person or company, pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative, swap or other

derivatives contract made between the counterparty and another mutual fund; or

(iii) a sale, through the Registrant, of securities of a mutual fund that is made by another mutual fund where the party purchasing the securities is:

(A) a mutual fund managed by the Registrant or an affiliated entity of the Registrant; or

(B) a counterparty, affiliated entity of the counterparty or other person or company that acquired the securities pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative swap or other derivatives contract made between the counterparty and another mutual fund; and

where, in each case, at least one of the referenced mutual funds is a mutual fund that is managed by either the Registrant or an affiliated entity of the Registrant;

(m) an "In Furtherance Trade" means, for the Registrant, a trade by the Registrant that consists of any act, advertisement, or solicitation, directly or indirectly in furtherance of an other trade in securities of a mutual fund, where the other trade consists of:

(i) a purchase or sale of securities of a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant; or

(ii) a purchase or sale of securities of a mutual fund where the Registrant acts as the principal distributor of the mutual fund; and

where, in each case, the purchase or sale is made by or through an other registered dealer if the Registrant is not otherwise permitted to make the purchase or sale pursuant to these terms and conditions;

(n) "Mixed Portfolio Client" means a person or company that has an account with the Registrant, which was established prior to the Effective Date, and holds securities of a mutual fund that is not managed by the Registrant or an affiliate of the Registrant.

(o) "Mutual Fund Instrument" means National Instrument 81-102 Mutual Funds, as amended;

(p) "Permitted Client", for the Registrant, means a person or company that is a client of the Registrant, and that is, or was at the time the person or company became a client of the Registrant:

(i) an Executive or Employee of either the Registrant or an affiliated entity of the Registrant;

(ii) a Related Party of an Executive or Employee of either the Registrant or an affiliated entity of the Registrant;

(iii) a Service Provider of the Registrant or an affiliated entity of a Service Provider of the Registrant;

(iv) an Executive or Employee of a Service Provider of the Registrant; or

(v) a Related Party of an Executive or Employee of a Service Provider of the Registrant;

(q) "Permitted Client Trade" means, for the Registrant, a trade to a person who is a Permitted Client or who represents to the Registrant that he or she is a person included in the definition of Permitted Client, in securities of a mutual fund that is managed by the Registrant or an affiliate of the Registrant, and the trade consists of:

(A) a purchase, by the person, through the Registrant, of securities of the mutual fund; or

(B) a redemption, by the person, through the Registrant, of securities of the mutual fund;

(r) "Registered Plan" means a registered pension plan, deferred profit sharing plan, registered retirement savings plan, registered retirement income fund, registered education savings plan or other deferred income plan registered under the Income Tax Act (Canada);

(s) "Registrant" means CI Fund Services Inc.;

(t) "Regulation" means R.R.O. 1990, Reg. 1015, as amended, made under the Act;

(u) "Related Party", of a person, means a person who is:

(i) the spouse of the person;

(ii) the issue of:

(A) the person,

(B) the spouse of the person, or

(C) the spouse of any person that is the issue of a person referred to in subparagraphs (A) or (B) above;

(iii) the parent, grandparent or sibling of the person, or the spouse of any of them;

(iv) the issue of any person referred to in paragraph (iii) above; or

(v) a Registered Plan established by, or for the exclusive benefit of, one, some or all of the foregoing;

(vi) a trust where one or more of the trustees is a person referred to above and the beneficiaries of the trust are restricted to one, some, or all of the foregoing;

(vii) a corporation where all the issued and outstanding shares of the corporation are owned by one, some, or all of the foregoing;

(v) "securities", for a mutual fund, means shares or units issued by the mutual fund;

(w) "Seed Capital Trade" means a trade in securities of a mutual fund made to a persons or company referred to in any of subparagraphs 3.1(1)(a)(i) to 3.1(1)(a)(iii) of the Mutual Fund Instrument;

(x) "Service Provider", means:

(i) a person or company that provides or has provided professional, consulting, technical, management or other services to the Registrant or an affiliated entity of the Registrant;

(ii) an Adviser to a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant; or

(iii) a person or company that provides or has provided professional, consulting, technical, management or other services to a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant

2. For the purposes hereof, a person or company is considered to be an "affiliated entity" of an other person or company if the person or company would be an affiliated entity of that other person or company for the purposes of the Employee Rule.

3. For the purposes hereof:

(a) "issue", "niece", "nephew" and "sibling" includes any person having such relationship through adoption, whether legally or in fact;

(b) "parent" and "grandparent" includes a parent or grandparent through adoption, whether legally or in fact;

(c) "registered dealer" means a person or company that is registered under the Act as a dealer in a category that permits the person or company to act as dealer for the subject trade; and

(d) "spouse", of a person, means a person who, at the relevant time, is the spouse of that person.

4. Any terms that are not specifically defined above shall, unless the context otherwise requires, have the meaning:

(a) specifically ascribed to such term in the Mutual Fund Instrument; or

(b) if no meaning is specifically ascribed to such term in the Mutual Fund Instrument, the same meaning the term would have for the purposes of the Act.

Permitted Activities

5. The registration of the Registrant as a mutual fund dealer under the Act shall be for the purposes only of trading by the Registrant in securities of a mutual fund where the trade consists of:

(a) a Client Name Trade;

(b) an Exempt Trade;

(c) a Fund-on-Fund Trade;

(d) an In Furtherance Trade;

(e) a Permitted Client trade;

(f) a Seed Capital Trade; or

provided that, in the case of all trades that are only referred to in clauses (a) or (e) above, the trades are limited and incidental to the principal business of the Registrant and its affiliated entities taken as a whole.

Permitted Activities for Transitional Period

6. In addition to paragraph 5, the registration of the Registrant as a mutual fund dealer under the Act shall also be for the purposes of trading in securities of mutual funds not managed by the Registrant or an affiliate of the Registrant provided that such trading occurs on or before the Mixed Portfolio Deadline, as defined below.

7. The Registrant shall send all such Mixed Portfolio Clients written notice within 30 days of the date of this Decision, a copy of which must also be sent to the Ontario Securities Commission, informing the Mixed Portfolio Clients of the limitations on its registration as noted in paragraphs 5 and 6. Such notice shall include:

(a) the fact that the Registrant will no longer be servicing the client's account(s) subsequent to the Mixed Portfolio Deadline;

(b) the procedures that the Registrant will take to transfer the accounts of its clients to another registered dealer and the name of the dealer;

(c) the date on which the Registrant's clients need to notify the Registrant if they would like their accounts to e transferred to a registered dealer of their choice, and the type of information that the Registrant's clients need to provide for the Registrant to facilitate the transfer; and

(d) the name and telephone number of a contact person at the Registrant's office who will be available to assist clients and customers with the transfer(s) of their accounts.

8. Within 60 days from the date upon which the notice referred to in paragraph 7 was sent to all such Mixed Portfolio Clients (the "Mixed Portfolio Deadline"), the Registrant shall ensure that the Registrant no longer trades in securities of mutual funds not managed by the Registrant or an affiliate of the Registrant on behalf of the Mixed Portfolio Clients.

2.1.3 YMG Capital Management Inc. - Decision

Headnote

Section 5.1 of O.S.C. Rule 31-506 – SRO Membership – Mutual Fund Dealers – mutual fund dealer, investment counsel and portfolio manager exempted from the requirements of the Rule that it be a member of the Mutual Fund Dealers Association ("MFDA") and file with the MFDA an application and prescribed fees for the application for membership, provided that it complies with terms and conditions of registration and transfers its mutual fund management activities and dealer activities with respect to certain retail accounts to another manager and registered dealers by the prescribed date.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am.

Rules Cited

O.S.C. Rule 31-506 SRO Membership – Mutual Fund Dealers, ss. 2.1, 3.1, 5.1

Published Documents Cited

Letter Sent to The Investment Funds Institute of Canada and the Investment Counsel Association of Canada, December 6, 2000, (2000) 23 OSCB 8467.

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

ONTARIO SECURITIES COMMISSION RULE 31-506
SRO MEMBERSHIP - MUTUAL FUND DEALERS (the "Rule")

AND

IN THE MATTER OF
YMG CAPITAL MANAGEMENT INC.

DECISION
(Section 5.1 of the Rule)

UPON The Director having received an application (the "Application") from YMG Capital Management Inc. (the "Registrant") for a decision, pursuant to section 5.1 of the Rule, exempting the Registrant from the requirements in sections 2.1 and 3.1 of the Rule, which would otherwise require that the Registrant be a member of the Mutual Fund Dealers Association (the "MFDA") on and after July 2, 2002, and file with the MFDA, no later than May 23, 2001, an application and corresponding fees for membership;

UPON considering the Application and the recommendation of staff of the Ontario Securities Commission;

AND UPON the Registrant having represented to the Director that:

1. the Registrant is registered under the Act as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the categories of mutual fund dealer and limited market dealer;

2. the Registrant is the manager of YMG American Growth Fund, YMG Balanced Fund, YMG Bond Fund, YMG Canadian Value Fund, YMG Enterprise Fund, YMG Growth Fund, YMG Income Fund, YMG Money Market Fund, YMG Strategic Fixed Income Fund and YMG Sustainable Development Fund (collectively, the "YMG Funds"). The Registrant is also the manager of YMG International Fund, distribution of units of which ceased effective June 21, 2001;

3. the Registrant's trading activities as a mutual fund dealer are limited and incidental to its principal business of institutional investment management and discretionary portfolio management on behalf of high net worth clients;

4. the YMG Funds are available to the public pursuant to a simplified prospectus. The Registrant does not solicit direct sales of the YMG Funds to the public and only indirectly accepts unsolicited purchase, redemption and switch orders for units of the YMG Funds from (i) individuals and other legal entities that have retained the Registrant as portfolio manager under written discretionary investment management agreements, (ii) employees and other insiders of the Registrant, and (iii) retail accounts that represent less than 0.1% of the value of total assets under management by the Registrant in its capacity as investment counsel and portfolio manager;

5. the Registrant has entered into an agreement with Mavrix Fund Management Inc. ("Mavrix") pursuant to which the Registrant will sell its mutual fund operations relating to the YMG Funds to Mavrix and Mavrix will become the manager of the YMG Funds subject to the receipt of required approvals, including the approval of applicable securities regulatory authorities pursuant to paragraph 5.5(a) of National Instrument 81-102 – Mutual Funds. It is anticipated that such sale will be completed on or about August 31, 2001. To the best of the Registrant's knowledge, Mavrix will not be acting in a dealing capacity and will not be applying for dealer registration with the Ontario Securities Commission or membership in the MFDA. The retail accounts referred to in paragraph 4 will be transferred to registered dealers who have either applied for membership with the MFDA or are existing members of the Investment Dealers Association.

6. the Registrant has agreed to the imposition of the terms and conditions on the Registrant's registration as a mutual fund dealer set out in the attached Schedule "A", which outlines the activities the Registrant has agreed to adhere to in connection with its application for this Decision;

7. any person or company that is not currently a client of the Registrant on the effective date of this Decision, will, before they are accepted as a client of the Registrant, receive prominent written notice from the Registrant that:

   The Registrant is not currently a member, and does not intend to become a member of the Mutual Fund Dealers Association; consequently, clients of the Registrant will not have available to them investor protection benefits that would otherwise derive from membership of the Registrant in the MFDA, including coverage under any investor protection plan for clients of members of the MFDA;

8. upon the next general mailing to its account holders and in any event before May 23, 2002, the Registrant shall provide, to any client that was a client of the Registrant on the effective date of this Decision, the prominent written notice referred to in paragraph 7, above;

AND UPON the Director being satisfied that to do so would not be prejudicial to the public interest;

IT IS THE DECISION of the Director, pursuant to section 5.1 of the Rule, that, effective May 23, 2001, the Registrant is exempt from the requirements in sections 2.1 and 3.1 of the Rule;

PROVIDED THAT:

The Registrant complies with the terms and conditions on its registration under the Act as a mutual fund dealer set out in the attached Schedule "A".

July 25, 2001.

"Peggy Dowdall-Logie"

SCHEDULE "A"

TERMS AND CONDITIONS OF REGISTRATION OF

YMG CAPITAL MANAGEMENT INC.

AS A MUTUAL FUND DEALER

Definitions

1. For the purposes hereof, unless the context otherwise requires:

(a) "Act" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

(b) "Adviser" means an adviser as defined in subsection 1(1) of the Act;

(c) "Client Name Trade" means, for the Registrant, a trade to, or on behalf of, a person or company,

(i) in securities of a mutual fund that is managed by the Registrant or an affiliate of the Registrant, where the person or company, immediately before the trade, is shown on the records of the mutual fund or of another mutual fund managed by the Registrant or an affiliate of the Registrant as the holder of securities of either such mutual fund, and the trade consists of a purchase or redemption, by the person or company, through the Registrant, of securities of the mutual fund; or

(ii) in securities of a mutual fund that on the Effective Date was managed by the Registrant, where:

(A) the person or company is shown on the records of the mutual fund or of another mutual fund that on the Effective Date was managed by the Registrant as the holder of securities of either such mutual fund;

(B) the trade is made prior to December 31, 2001; and

(C) the trade consists of a purchase or redemption, by the person or company, through the Registrant, of securities of the mutual fund,

and where the person or company either is a client of the Registrant that was not solicited by the Registrant, or was a client of the Registrant on the Effective Date;

(d) "Commission" means the Ontario Securities Commission;

(e) "Effective Date" means May 23, 2001;

(f) "Employee", for the Registrant, means:

(A) an employee of the Registrant;

(B) an employee of an affiliated entity of the Registrant; or

(C) an individual that is engaged to provide, on a *bona fide* basis, consulting, technical, management or other services to the Registrant or to an affiliated entity of the Registrant, under a written contract between the Registrant or the affiliated entity and the individual or a consultant company or consultant partnership of the individual, and, in the reasonable opinion of the Registrant, the individual spends or will spend a significant amount of time and attention on the affairs and business of the Registrant or an affiliated entity of the Registrant;

(g) "Employee", for a Service Provider, means an employee of the Service Provider or an affiliated entity of the Service Provider, provided that, at the relevant time, in the reasonable opinion of the Registrant, the employee spends or will spend, a significant amount of time and attention on the affairs and business of:

(A) the Registrant or an affiliated entity of the Registrant; or

(B) a mutual fund managed by the Registrant or an affiliated entity of the Registrant;

(h) "Employee Rule" means Ontario Securities Commission Rule 45-503 Trades To Employees, Executives and Consultants;

(i) "Executive", for the Registrant, means a director, officer or partner of the Registrant or of an affiliated entity of the Registrant;

(j) "Executive", for a Service Provider, means a director, officer or partner of the Service Provider or of an affiliated entity of the Service Provider;

(k) "Exempt Trade", for the Registrant, means:

(i) a trade in securities of a mutual fund that is made between a person or company and an underwriter acting as purchaser or between or among underwriters; or

(ii) any other trade for which the Registrant would have available to it an exemption from the registration requirements of clause 25(1)(a) of the Act if the Registrant were not a "market intermediary" as such

term is defined in section 204 of the Regulation;

(l) "Fund-on-Fund Trade", for the Registrant, means a trade that consists of:

(i) a purchase, through the Registrant, of securities of a mutual fund that is made by another mutual fund;

(ii) a purchase, through the Registrant, of securities of a mutual fund that is made by a counterparty, an affiliated entity of the counterparty or an other person or company, pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative or swap made between the counterparty and another mutual fund; or

(iii) a sale, through the Registrant, of securities of a mutual fund that is made by another mutual fund where the party purchasing the securities is:

(A) a mutual fund managed by the Registrant or an affiliated entity of the Registrant; or

(B) a counterparty, affiliated entity or other person or company that acquired the securities pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative or swap made between the counterparty and another mutual fund; and

where, in each case, at least one of the referenced mutual funds is a mutual fund that is managed by either the Registrant or an affiliated entity of the Registrant;

(m) an "In Furtherance Trade" means, for the Registrant, a trade by the Registrant that consists of any act, advertisement, or solicitation, directly or indirectly in furtherance of an other trade in securities of a mutual fund, where the other trade consists of:

(i) a purchase or sale of securities of a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant; or

(ii) a purchase or sale of securities of a mutual fund where the Registrant acts as the principal distributor of the mutual fund; and

where, in each case, the purchase or sale is made by or through an other registered dealer if the Registrant is not otherwise permitted to make the purchase or sale pursuant to these terms and conditions;

(n) "Managed Account" means, for the Registrant, an investment portfolio account of a client under which the Registrant, pursuant to a written agreement made between the Registrant and the client, makes investment decisions for the account and has full discretionary authority to trade in securities for the account without obtaining the client's specific consent to the trade;

(o) "Managed Account Trade" means, for the Registrant, a trade to, or on behalf of a Managed Account of the Registrant, where the trade consists of a purchase or redemption, through the Registrant of securities of a mutual fund, that is made on behalf of the Managed Account;

where, in each case,

(i) the Registrant is the portfolio adviser to the mutual fund;

(ii) the mutual fund is managed by the Registrant or an affiliate of the Registrant; and

(iii) either of:

(A) the mutual fund is prospectus-qualified in Ontario; or

(B) the trade is not subject to sections 25 and 53 of the Act;

(p) "Mutual Fund Instrument" means National Instrument 81-102 Mutual Funds, as amended;

(q) "Permitted Client", for the Registrant, means a person or company that is a client of the Registrant, and that is, or was at the time the person or company became a client of the Registrant:

(i) an Executive or Employee of the Registrant;

(ii) a Related Party of an Executive or Employee of the Registrant;

(iii) a Service Provider of the Registrant or an affiliated entity of a Service Provider of the Registrant;

(iv) an Executive or Employee of a Service Provider of the Registrant; or

(v) a Related Party of an Executive or Employee of a Service Provider of the Registrant;

(r) "Permitted Client Trade" means, for the Registrant, a trade to a person who is a

Permitted Client or who represents to the Registrant that he or she is a person included in the definition of Permitted Client, in securities of a mutual fund that is managed by the Registrant or an affiliate of the Registrant, and the trade consists of a purchase or redemption, by the person, through the Registrant, of securities of the mutual fund;

(s) "Pooled Fund Rule" means, for the Registrant, a rule or other regulation that relates, in whole or in part, to the distribution of securities of a mutual fund and/or non-redeemable investment fund, other than pursuant to a prospectus for which a receipt has been obtained from the Director, made by the Registrant on behalf of a Managed Account, but does not include Rule 45-501 *Exempt Distributions.*

(t) "Registered Plan" means a registered pension plan, deferred profit sharing plan, registered retirement savings plan, registered retirement income fund, registered education savings plan or other deferred income plan registered under the Income Tax Act (Canada);

(u) "Registrant" means YMG Capital Management Inc.;

(v) "Regulation" means R.R.O. 1990, Reg. 1015, as amended, made under the Act;

(w) "Related Party", for a person, means an other person who is:

(i) the spouse of the person;

(ii) the issue of:

(A) the person,

(B) the spouse of the person, or

(C) the spouse of any person that is the issue of a person referred to in subparagraphs (A) or (B) above;

(iii) the parent, grandparent or sibling of the person, or the spouse of any of them;

(iv) the issue of any person referred to in paragraph (iii) above; or

(v) a Registered Plan established by, or for the exclusive benefit of, one, some or all of the foregoing;

(vi) a trust where one or more of the trustees is a person referred to above and the beneficiaries of the trust are restricted to one, some, or all of the foregoing;

(vii) a corporation where all the issued and outstanding shares of the corporation are owned by one, some, or all of the foregoing;

(x) "securities", for a mutual fund, means shares or units of the mutual fund;

(y) "Seed Capital Trade" means a trade in securities of a mutual fund made to a persons or company referred to in any of subparagraphs 3.1(1)(a)(i) to 3.1(1)(a)(iii) of the Mutual Fund Instrument;

(z) "Service Provider", for the Registrant, means:

(i) a person or company that provides or has provided professional, consulting, technical, management or other services to the Registrant or an affiliated entity of the Registrant;

(ii) an Adviser to a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant; or

(iii) a person or company that provides or has provided professional, consulting, technical, management or other services to a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant

2. For the purposes hereof, a person or company is considered to be an "affiliated entity" of an other person or company if the person or company would be an affiliated entity of that other person or company for the purposes of the Employee Rule.

3. For the purposes hereof:

(a) "issue", "niece", "nephew" and "sibling" includes any person having such relationship through adoption, whether legally or in fact;

(b) "parent" and "grandparent" includes a parent or grandparent through adoption, whether legally or in fact;

(c) "registered dealer" means a person or company that is registered under the Act as a dealer in a category that permits the person or company to act as dealer for the subject trade; and

(d) "spouse", for an Employee or Executive, means a person who, at the relevant time, is the spouse of the Employee or Executive.

4. Any terms that are not specifically defined above shall, unless the context otherwise requires, have the meaning:

(a) specifically ascribed to such term in the Mutual Fund Instrument; or

(b) if no meaning is specifically ascribed to such term in the Mutual Fund Instrument, the same

meaning the term would have for the purposes of the Act.

Restricted Registration

Permitted Activities

5. The registration of the Registrant as a mutual fund dealer under the Act shall be for the purposes only of trading by the Registrant in securities of a mutual fund where the trade consists of:

   (a) a Client Name Trade;

   (b) an Exempt Trade;

   (c) a Fund-on-Fund Trade;

   (d) an In Furtherance Trade;

   (e) a Managed Account Trade, provided, at the time of the trade, the Registrant is registered under the Act as an adviser in the categories of "investment counsel" and "portfolio manager";

   (f) a Permitted Client Trade; or

   (g) a Seed Capital Trade;

provided that, in the case of all trades that are only referred to in clauses (a) or (f), the trades are limited and incidental to the principal business of the Registrant, and provided also that paragraph (e) will cease to be in effect one year after the coming into force, subsequent to the date of this Decision, of any Pooled Fund Rule.

Permitted Activities for Transitional Period

6. The Registrant shall provide a written notice to its clients who hold such retail accounts referred to in representation 4(iii) of the Decision, a copy of which must also be sent to the Ontario Securities Commission, at least 30 days prior to the date on which the Registrant will cease servicing the retail accounts. Such notice shall include:

   (a) the fact that the Registrant will no longer be servicing the client's account(s) on or after the earlier of December 31, 2001 and the date that such accounts are transferred to another registered dealer by the Registrant;

   (b) the date by which the Registrant's clients need to notify the Registrant if they would like their account(s) to be transferred to a registered dealer of their choice, and the type of information that the Registrant's clients need to provide for the Registrant to facilitate the transfer; and

   (c) the name and telephone number of a contact person at the Registrant's office who will be available to assist clients and customers with the transfer(s) of their accounts.

2.1.4 Search Energy Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision deeming corporation to have ceased to be a reporting issuer following the acquisition of all of its outstanding securities by a trust.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O, 1990, c.S.5, as am. s. 83.

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, ONTARIO, QUÉBEC AND NOVA SCOTIA

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
SEARCH ENERGY CORP.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario, Québec and Nova Scotia (the "Jurisdictions") has received an application from Search Energy Corp. ("New Search") for a decision pursuant to the securities legislation (the "Legislation") of the Jurisdictions that New Search be deemed to have ceased to be a reporting issuer, or the equivalent, under the Legislation;

2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;

3. **AND WHEREAS** New Search has represented to the Decision Makers that:

   3.1 New Search was formed on May 24, 2001, by the amalgamation of Search Energy Corp. ("Old Search") and 925212 Alberta Ltd., a corporation created to effect the Arrangement (to be defined herein);

   3.2 Old Search was incorporated in 1979 as Westrex Energy Corp. ("Westrex") and through a plan of arrangement under the *Business Corporations Act* (Alberta) Westrex merged with Search Energy Inc. on December 31, 1996, and subsequently changed its name to "Search Energy Corp." on January 2, 1997;

3.3 New Search's principal and registered office is located at 700, 400 - 5th Avenue S.W., Calgary, Alberta, T2P 0L6;

3.4 New Search is authorized to issue an unlimited number of common shares ("New Search Common Shares") and an unlimited number of preferred shares, issuable in series ("New Search Preferred Shares") of which there are 12,445,032 New Search Common Shares and no New Search Preferred Shares issued and outstanding;

3.5 New Search is a reporting issuer, or the equivalent, in each of the Jurisdictions and is not in default of any of the requirements of the Legislation;

3.6 Advantage Energy Income Fund (the "Trust") is an open-ended mutual fund trust governed by the laws of the province of Alberta and was created pursuant to a trust indenture dated April 17, 2001 and a first supplemental indenture dated May 22, 2001;

3.7 pursuant to a plan of arrangement (the "Arrangement") approved by the Court of Queen's Bench of Alberta on May 23, 2001, holders of common shares of Old Search exchanged their common shares, via a series of transactions, for units in the Trust (the "Trust Units");

3.8 following the completion of the Arrangement, including the amalgamation of Old Search and 925212 Alberta Ltd. (as referenced in subparagraph 3.1 herein), New Search became a wholly-owned subsidiary of the Trust;

3.9 following the completion of the Arrangement, the Trust Units were listed on The Toronto Stock Exchange (the "TSE") under the symbol "AVN.UN";

3.10 effective May 29, 2001, the New Search Common Shares were delisted from the TSE and no securities of New Search are listed or quoted on any exchange or market;

3.11 New Search has no securities, including debt securities, issued and outstanding save for the New Search Common Shares held by the Trust;

3.12 New Search does not intend to seek public financing by way of an offering of securities;

4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. **THE DECISION** of the Decision Makers under the Legislation is that New Search is deemed to have ceased to be a reporting issuer, or the equivalent, under the Legislation.

July 16, 2001.

"Patricia M. Johnston"

2.1.5 Kontron Embedded Computers AG et al. - MRRS Decision

Headnote

Subsection 74 (1) - Registration and prospectus relief granted in respect of trades in connection with a plan of arrangement in which exchangeable shares are issued where statutory exemptions are unavailable for technical reasons-first trade of securities of German company issued on the exchange of exchangeable shares a distribution unless such trade is made through the facilities of a stock exchange outside of Ontario or a German company is a non-reporting issuer and Ontario shareholders have a de minimus position.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., sections 25, 53 ,72(5), 74(1).

Rules Cited

Rule 45-501 -Exempt Distributions.

Rule 72-501 - First Trade Over a Market Outside of Ontario.

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA, ONTARIO
QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA,
PRINCE EDWARD ISLAND AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
KONTRON EMBEDDED COMPUTERS AG
KONTRON HOLDINGS INC. AND
KONTRON COMMUNICATIONS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**"), in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland (the "**Participating Jurisdictions**") has received an application from Kontron Embedded Computers AG ("**Kontron**"), Kontron Holdings Inc. ("**Kontron Holdings**") and Kontron Communications Inc. ("**KMCO**") (collectively, the "**Applicant**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that:

(i) certain trades and/or distributions or primary distributions to the public of securities in connection with the proposed acquisition by Kontron and its subsidiaries of the issued and outstanding securities of Memotec Communications Inc. ("**Memotec**"), to be effected by way of a plan of arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act* (the "**CBCA**") shall be exempt from the requirements contained in the Legislation of all the Jurisdictions to be registered to trade in a security, to file a preliminary prospectus and a prospectus and receive receipts therefore prior to distributing a security (the "**Registration and Prospectus Requirements**");

(ii) Kontron and KMCO be exempt from the requirements of the Legislation of any Jurisdiction in which Kontron and KMCO becomes a reporting issuers or the equivalent as a result of the Arrangement, to issue a press release and file a report regarding material changes, to file and deliver interim financial statements, and annual financial statements and annual report, where applicable, to file an information circular and, where applicable, to file an annual information form (including management's discussion and analysis of the financial condition and results of operation of KMCO, as defined below) (the "**Continuous Disclosure Requirements**"); and

(iii) the requirement contained in the Legislation of any Jurisdiction in which KMCO becomes a reporting issuer as a result of the Arrangement, for an insider of a reporting issuer to file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer (the "**Insider Reporting Requirement**") shall not apply to each insider of KMCO and its successors.

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "**System**"), the Commission des valeurs mobilières du Québec is the principal regulator for this application;

AND WHEREAS the Applicant has represented to the Decision Makers that:

1. *Memotec*

1.1 Memotec is a corporation organized and subsisting under the CBCA.

1.2 Memotec was incorporated on October 7, 1993 and is a networking company that provides data, voice and video convergence solutions for telecommunications carriers, Internet service providers (ISPs) and corporate customers.

1.3 Memotec's principal executive offices are located at 600 McCaffrey Street, Ville St-Laurent, Québec, H4T 1N1.

1.4 Memotec is authorized to issue an unlimited number of Memotec Common Shares and an unlimited number of Memotec Preferred Shares.

1.5 As at May 17, 2001, 15,238,350 Memotec Common Shares were issued and outstanding, 810,000 Memotec Preferred Shares were issued and outstanding and an aggregate of 1,308,474 Memotec Common Shares were reserved for issuance pursuant to outstanding options and warrants (collectively the "**Memotec Options**") to acquire Memotec Common Shares.

1.6 The Memotec Common Shares are fully participating voting shares and are listed on the TSE.

1.7 The holders of Memotec Preferred Shares are entitled to receive notice of and to attend and to vote at all meetings of shareholders, except meetings at which only holders of another specified class or series are entitled to vote separately, and they shall have one vote in respect of each Preferred Shares. They are entitled to dividends equal, on a per share basis to dividends to be declared, if any, on Memotec Common Shares.

1.8 Memotec is a reporting issuer or the equivalent in each of the Jurisdicitons and is not in default of any of the requirements of the Legislation.

1.9 Memotec's management is not aware of any Memotec Shareholder who owns in excess of 10% of the outstanding Memotec Common Shares with the exception of Mr. Henry David Epstein who holds approximately 2,101,784 of the outstanding Memotec Common Shares, as of May 15, 2001. Members of Mr. Epstein's family hold 770,000 Memotec Common Shares and the Memotec Warrants which give them the right to purchase 200,000 Memotec Common Shares at a price of $1.75 per Common Share. Mr. Epstein disclaims beneficial ownership of the shares held by his family.

2. *Kontron*

2.1 Kontron is a corporation organized and subsisting under the laws of Germany.

2.2 Kontron was constituted in November 1998 and is one of the most important manufacturers of embedded computers.

2.3 Kontron's principal executive offices are located at Oskar –von-Miller-StraBe 1, 85386 Eching, Germany.

2.4 Kontron's authorized capital consists of 16,500,000 common shares.

2.5 There were 12,100,000 of Kontron Common Shares issued and outstanding as of June 10, 2001.

2.6 The Kontron Common Shares are fully participating and voting. The Kontron Common Shares are listed and have been trading on the Neuer Markt of the Frankfurt Exchange (the "**Neuer Markt**") since April 6, 2000. The Kontron Common Shares have traded in a range of Euro 33.3 and 146.5 since their listing.

2.7 Kontron is currently subject to reporting requirements under the laws of Germany and is not a reporting issuer or the equivalent thereof in any Canadian Jurisdiction, or under the securities legislation of the United States.

2.8 Less than 10% of the issued and outstanding Kontron common shares will be held by Canadian residents upon completion of the Arrangement.

3. *KMCO and Kontron Holdings*

3.1 KMCO is a private corporation organized and subsisting under the CBCA.

3.2 KMCO was constituted in February 2001 for the purpose of implementing the Arrangement.

3.3 KMCO's registered office is located in Toronto, Ontario.

3.4 KMCO's authorized capital consists of an unlimited number of Common Shares and Exchangeable Shares. The principal rights, privileges, restrictions and conditions attached to the KMCO Exchangeable Shares (the "**Exchangeable Shares**") are summarized in the Proxy Circular (as described hereafter).

3.5 All of the issued and outstanding common shares of KMCO are held by Kontron Holdings.

3.6 Kontron Holdings is a private corporation organized and subsisting under the British Columbia Corporations Act.

3.7 Kontron Holdings was constituted in February 2001 for the purpose of implementing the Arrangement.

3.8 Kontron Holdings' registered office is located in Vancouver, British Columbia.

3.9 Kontron Holdings' authorized capital consists of an unlimited number of Common Shares.

3.10 All of the issued and outstanding common shares of Kontron Holdings are held by a third party.

3.11 Kontron Holdings and KMCO are not reporting issuers in any Canadian Jurisdiction.

3.12 The Exchangeable Shares are not expected to be listed on the TSE or any other exchange.

4. *Overview of the Arrangement*

4.1 The Acquisition will be carried out by way of the Arrangement as described herein. The Arrangement will require approval by (i) not less than two-thirds of the votes cast by the aggregate of the holders of Memotec Common Shares voting as a class (present in person or by proxy), (ii) not less than two thirds of the votes cast by the aggregate of the holders of Memotec Preferred Shares (present in person or by proxy) voting as a class; and (iii) thereafter, the approval of the Superior Court of the Province of Quebec (the "**Court**").

4.2 The management information circular and proxy circular were mailed to Memotec Shareholders in respect of the Arrangement (the "**Proxy Circular**"). The Proxy Circular contains prospectus-level disclosure concerning the business of Kontron and a detailed description of the Arrangement. This Proxy Circular was mailed to Memotec Shareholders, in connection with a special meeting of Memotec Shareholders to be held on June 26, 2001. The Proxy Circular was prepared in conformity with the provisions of the Legislation relating to information circulars.

4.3 The Proxy Circular states under "the Arrangement-Stock Exchange Listing" : "Kontron has advised Memotec that it will notify the Neuer Market of the Proposed Arrangement and request the listing of the Kontron Common Shares to be issued under the Arrangement Agreement and under the Voting and Exchange Trust Agreement, subject (i) to the satisfaction of customary requirements of the Neuer Markt, and (ii) the registration of the new Kontron Common Shares to be issued under the Arrangement with the Commercial Registry of the Munich Lower District Court."

5. *The Arrangement*

5.1 Under the Arrangement, Memotec Shareholders whose registered address is in Canada (other than dissenting Memotec Shareholders) will receive a fraction of an Exchangeable Share for each Memotec Share held, corresponding to an Exchange Ratio described in the arrangement agreement entered into by the Parties as of February 9, 2001 (the "**Arrangement Agreement**"). Other Memotec Shareholders will receive a fraction of an Exchangeable Share for each Memotec Share held, corresponding to the Exchange Ratio and such Exchangeable Shares will be forthwith exchanged for a corresponding number of Kontron Common Shares, in accordance with the terms and conditions of the Exchangeable Shares.

5.2 The Exchangeable Shares will provide a holder with a security in a Canadian issuer (ie. KMCO) having economic, ownership and voting rights which are, as nearly as practicable, equivalent to those of Kontron Common Shares.

5.3 Memotec Shareholders shall be entitled to make an income tax election pursuant to section 85 of the *Income Tax Act* (Canada) with respect to the transfer of their Memotec Common Shares for Exchangeable Shares which shares, generally, may be received on a tax-deferred rollover basis.

5.4 Each Memotec Option will become exercisable into a fraction of an Exchangeable Share equal to the Exchange Ratio.

5.5 The Exchangeable Shares will be exchangeable for Kontron Common Shares on a one-for-one basis at any time at the option of the holder and will be exchanged upon the occurrence of certain events including the liquidation, dissolution or winding-up of Kontron or KMCO.

5.6 A number of Kontron Common Shares (the "**Trust Shares**") corresponding to the number of Exchangeable Shares to be issued (including Exchangeable shares that could be issued to holders of Memotec Options) will be created, subscribed for and issued to Kontron Holdings. Kontron Holdings will pay the subscription price for the Trust Shares in kind, by i) transferring to Kontron the common shares of KMCO, and ii) giving to Kontron an undertaking to deliver and transfer all of the Exchangeable Shares that will be acquired by Kontron Holdings upon its exercise of certain call rights described below.

5.7 The Trust Shares will then be transferred by Kontron Holdings to a trustee (the "**Trustee**") under a voting and exchange trust agreement (the "**Voting and Exchange Trust Agreement**").

5.8 The Trustee will hold the Trust Shares in trust for the benefit of Kontron, Kontron Holdings and the holders of Exchangeable shares and will cause them to be delivered from time to time to holders of Exchangeable Shares who exercise their right of exchange attached thereto.

5.9 The Trustee will hold the Trust Shares pursuant to the Voting and Exchange Trust Agreement. The Trustee will be entitled at Kontron Stockholder meetings to cast a number of votes equal to the number of Trust Shares outstanding at such time. These voting rights will be exercised by the Trustee only on instructions received from time to time from the holders of the Exchangeable Shares other than Kontron and its subsidiaries. By furnishing instructions to the Trustee, holders of Exchangeable Shares will be able to exercise the same voting rights with respect to Kontron as they would if they were holders of Kontron Common Shares.

5.10 Dividends paid on the Trust Shares will be remitted to the holders of Exchangeable Shares by the Trustee, at the same time and in the

same amount per share as dividends on the Kontron Common Shares.

5.11 Dissenting Memotec Shareholders will not exchange their Memotec Common Shares pursuant to the Arrangement. Memotec Common Shares held by dissenting shareholders will be dealt with in accordance with the dissent provisions of Section 192 of the CBCA.

6. *Description of Principal Securities and Ancillary Agreements*

Additional Attributes of the Exchangeable Shares

6.1 Subject to the overriding call right of Kontron Holdings referred to below in this paragraph, on liquidation, dissolution or winding-up of KMCO, a holder of Exchangeable Shares will be entitled to receive for each share an amount equal to the market price of one Kontron Common Share held by the Trustee, which will be satisfied by delivery of one Kontron Common Share. Upon a proposed liquidation, dissolution or winding-up of KMCO, Kontron Holdings will have an overriding call right to purchase outstanding Exchangeable Shares for a price per share equal to the market price of one Kontron Common Share, which shall be satisfied by the delivery of one Kontron Common Share held by the Trustee.

6.2 The Exchangeable Shares will be non-voting (vis-à-vis KMCO, but have voting entitlement vis-à-vis Kontron pursuant to the Voting and Exchange Trust Agreement) and will be exchangeable for Kontron Common Shares at the option of the holder at any time, through a retraction provision attached to the Exchangeable Shares. Subject to the overriding call right of Kontron Holdings referred to below in this paragraph, upon retraction the holder will be entitled to receive from KMCO for each Exchangeable Share an amount equal to the market price of a Kontron Common Share, which amount will be satisfied by the delivery by the Trustee on behalf of KMCO of one Kontron Common Share. Upon being notified by KMCO of a proposed retraction by a holder of Exchangeable Shares, Kontron Holdings will have an overriding call right to purchase the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the market price of one Kontron Common Share. For Canadian tax reasons, it is expected that all redemptions will be effected through this latter mechanism.

6.3 Subject to the overriding call right of Kontron Holdings referred to below in this paragraph, KMCO will redeem all of the Exchangeable Shares then outstanding on or after June 30th, 2006, unless such date shall be extended to a specified later date by the KMCO board of directors, not to be later than the 15th anniversary of the effective date of the Arrangement, or on such earlier date as specified by the KMCO board of directors if there are fewer than 100,000 Exchangeable Shares outstanding (other than Exchangeable Shares held by Kontron and entities controlled by Kontron). Upon such redemption by KMCO, each shareholder will be entitled to receive from KMCO, for each Exchangeable Share redeemed, an amount equal to the market price of a Kontron Common Share, which amount will be satisfied by the delivery by the Trustee on behalf of KMCO of one Kontron Common Share. Upon being notified by KMCO of a proposed redemption of Exchangeable Shares, Kontron Holdings will have an overriding call right to purchase all but not less than all of such shares for a price per share equal to the market price of one Kontron Common Share, which shall be satisfied by the delivery by the Trustee on behalf of Kontron Holdings of one Kontron Common Share. For Canadian tax reasons, it is expected that all redemptions will effected through this latter mechanism.

6.4 Pursuant to the Voting and Exchange Trust Agreement, in the event of the dissolution of Kontron, the Exchangeable Shares will be automatically exchanged (the "Automatic Exchange Right") for Kontron Common Shares so that the holders thereof may participate in the dissolution of Kontron on the same basis as holders of Kontron Common Shares.

6.5 The provisions attaching to the Exchangeable Shares are included in the Proxy Circular as part of Annex B.

Voting and Exchange Trust Agreement

6.6 At the effective time of the Arrangement, Kontron, KMCO and the Trustee will enter into the Voting and Exchange Trust Agreement which will provide that the Trust Shares will be held by the Trustee for the benefit of Kontron , Kontron Holdings and the holders of Exchangeable Shares and each voting right attached thereto will be voted pursuant to the instructions of the holder of the related Exchangeable Share. In the absence of any such instructions from a holder of Exchangeable Shares, the related voting rights will not be exercised.

6.7 In the Voting and Exchange Trust Agreement, Kontron will grant to the Trustee, for the benefit of the holders of Exchangeable Shares, a put right (the "**Exchange Right**"), exercisable upon the insolvency of KMCO, to require Kontron to purchase from the holder all or any part of the Exchangeable Shares held by the holder. The purchase price for each Exchangeable Share purchased by Kontron will be an amount equal to the market price of share of one Kontron

Common Share, to be satisfied by the delivery by the Trustee on behalf of Kontron to the holder of one Kontron Common Share.

6.8 In the event of the voluntary or involuntary liquidation, dissolution or winding-up of Kontron, Kontron will be required to purchase each outstanding Exchangeable Share for a purchase price per share equal to the market price of a Kontron Common Share. Kontron shall satisfy the purchase price of each Exchangeable Share purchased by causing the Trustee to deliver one Kontron Common Share.

6.9 Kontron will send concurrently to all holders of Exchangeable Shares and Kontron Common Shares resident in Canada all disclosure material furnished to holders of Kontron Common Shares resident in Germany, including, without limitation, copies of its annual audited financial statements, quarterly financial statements and all proxy solicitation materials.

6.10 The Trustee will be empowered to sell from time to time any Trust Shares held by it that correspond to Exchangeable Shares that could have been issued but will not be issued as a result of Memotec Options having lapsed without having been exercised. The net proceeds form such sales will be remitted to Kontron.

AND WHEREAS the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is:

A. The Registration and Prospectus Requirements shall not apply to any trade made in connection with the Arrangement or pursuant to a right to make a trade which was derived from the Arrangement, provided that:

(i) in British Columbia, the first trade in any Exchangeable Shares, other than the exchange of the Exchangeable Shares for underlying Kontron Common Shares by the original recipients of Exchangeable Shares pursuant to the Arrangement, shall be deemed a distribution;

(ii) in the Jurisdictions other than British Columbia, the first trade in any Exchangeable Shares, other than the exchange of the Exchangeable Shares for underlying Kontron Common Shares by the original recipients of Exchangeable sShares pursuant to the Arrangement, shall be deemed a distribution or a primary distribution to the public under the Legislation, except that where:

(a) KMCO has been for a period of 12 months a reporting issuer or the equivalent under the Legislation in the Participating Jurisdiction in which such first trade is made or, in the case of Quebec, Nova Scotia, Newfoundland, Manitoba, Prince Edward Island and New Brunswick, Kontron has complied with the requirements of paragraph B below;

(b) if the seller is in a "special relationship" with or an "insider" of KMCO, (as defined in the Legislation), the seller has no reasonable grounds to believe that KMCO is in default of any requirements of the Legislation; and

(c) no unusual effort is made to prepare the market or to create a demand for the securities and no extraordinary commission or consideration is paid in respect of such first trade,

then such first trade is a distribution or primary distribution to the public only if it is a trade from the holdings of any person, company or combination of persons or companies holding a sufficient number of securities of Kontron to affect materially the control of Kontron, but any holding of any person, company or combination of persons or companies holding more than 20 percent of the outstanding voting securities of Kontron shall, in the absence of evidence to the contrary, be deemed to affect materially the control of Kontron (and for this purpose Kontron Common Shares and Exchangeable Shares are considered to be of the same class);

(iii) the first trade in Kontron Common Shares acquired upon the exchange of Exchangeable Shares shall be deemed a distribution or a primary distribution to the public under the Legislation unless such trade is executed through the facilities of a stock exchange or market outside of Canada.

B. The Continuous Disclosure Requirements shall not apply to Kontron and KMCO, provided that at the time that any such requirement would otherwise apply:

(i) Kontron shall concurrently send to all holders of Exchangeable Shares all disclosure material furnished to holders of Kontron Common Shares, including, but not limited to, copies of its annual report,

audited financial statements prepared in accordance with US GAAP, quarterly financial statements and all proxy solicitation materials, translated into English;

(ii) Kontron shall file with each of the Participating Jurisdictions copies of all documents filed by it with the Neuer Markt, translated into English;

(iii) Kontron shall comply with the requirements of the Neuer Markt (or such principal stock exchange on which the Kontron Common Shares is then listed) in respect of making public disclosure of material information on a timely basis and forthwith issues in the Participating Jurisdictions and files with the Participating Jurisdictions any press release that discloses a material change in Kontron's affairs;

(iv) KMCO shall comply with the requirements of the Legislation to issue a press release and file a report with the Participating Jurisdictions upon the occurrence of a material change in respect of material changes in the affairs of KMCO that are not material changes in the affairs of Kontron;

(v) Kontron shall include in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to Kontron and not to KMCO, such insert to include a reference to the economic equivalency between the Exchangeable Shares and Kontron Common Shares and the right to direct voting at Kontron's stockholders' meetings pursuant to the Voting and Exchange Trust Agreement;

(vi) Kontron shall remain the direct or indirect beneficial owner of all of the issued and outstanding voting securities of KMCO other than the Exchangeable Shares; and

(vii) KMCO does not issue any securities to the public other than Exchangeable Shares and options to acquire Exchangeable Shares.

C. The Insider Reporting Requirements shall not apply to any insider of KMCO who is not also an insider of Kontron.

July 17, 2001.

"Jean-François Bernier"

2.1.6 Newport Partners Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Pursuant to subsection 74(1) of the Act, a ruling, subject to terms and conditions, that the dealer registration requirements do not apply to the Filer and its representatives in connection with trades by the Filer of units of mutual funds managed and promoted by the Filer to clients for whom the Filer has fully managed accounts governed by the terms of an investment management agreement.

Statues Cited

Securities Act, R.S.O. 1990, c.S.5, as amended s. 25, 74(1).

Rules Cited

National Instrument 81-102 Mutual Funds.

Ontario Securities Commission Rule 31-506 - SRO Membership - Mutual Fund Dealers.

Ontario Securities Commission Rule 45-501 Exempt Distributions.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
ALBERTA, ONTARIO AND NEW BRUNSWICK

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
NEWPORT PARTNERS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Ontario and New Brunswick (collectively, the "Jurisdictions") has received an application from Newport Partners Inc. (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the dealer registration requirements of the Legislation requiring the Filer and its representatives to register as a dealer (the "Dealer Registration Requirements") do not apply to the Filer and its representatives in connection with trades by the Filer of units of mutual funds managed and promoted by the Filer (the "Pooled Funds") to clients for whom the Filer has fully managed accounts governed by the terms of an investment management agreement;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the

"System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer was incorporated under the laws of the Province of Ontario on November 8, 2000 and the Filer's head office is located in Toronto, Ontario;

2. The Filer is registered in Ontario and New Brunswick as an adviser in the categories of investment counsel and portfolio manager and expects to be registered as an adviser in the categories of investment counsel and portfolio manager in the other Jurisdictions. The Filer is also registered as a limited market dealer in Ontario;

3. The Filer provides discretionary investment management services to its clients pursuant to the terms of an investment management agreement entered into with each client (the "Managed Account Agreement"). The Managed Account Agreement provides that the Filer may manage the client's account on a fully discretionary basis. This discretionary investment management may be carried out by the Filer through the investment of its clients' assets in one or more of the Pooled Funds;

4. The Filer intends to distribute units of the Pooled Funds only to its clients pursuant to the Filer's Managed Account Agreement with such clients;

5. The Pooled Funds enable the Filer to pool client funds to take advantage of declining scales in brokerage commissions, to allow greater diversity of investments than would otherwise be the case with individually managed accounts and to facilitate the allocation of investment opportunities among clients. By investing in the Pooled Funds, the Filer's clients benefit from access to the Filer's expertise as an investment counsel, savings on brokerage commissions and the potential for greater diversification of investments;

6. The Filer is the manager, promoter and trustee of each of the Pooled Funds and each of the Pooled Funds which is prospectus qualified is subject to the provisions of National Instrument 81-102 Mutual Funds;

7. Each Pooled Fund is or will be established pursuant to a Master Declaration of Trust and a separate Fund Regulation thereto. Units of the Pooled Funds will not be distributed to clients resident in the provinces of British Columbia or Alberta until such time as the Filer is registered as an adviser in British Columbia and Alberta, respectively;

8. The Filer intends to qualify the distribution of units of some of the Pooled Funds under a simplified prospectus and annual information form in each of the Jurisdictions;

9. The distribution of assets of the Pooled Funds is an incidental part of the business of the Filer. Its primary business, discretionary financial management, is carried on through the investment of its clients' assets in various investment products which may include one or more Pooled Funds pursuant to its registration as an adviser in the category of investment counsel and portfolio manager; and

10. Absent the relief requested, under the Legislation, the Filer would be required to register as a mutual fund dealer in order to distribute units of the Pooled Funds once the Pooled Funds are qualified by prospectus, and to become a member of the Mutual Fund Dealers' Association of Canada (the "MFDA"). Certain of the rules of the MFDA would conflict with the nature of the Filer's primary business, including the provision of financial advisory services to its clients on a fully discretionary basis;

AND WHEREAS under the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Dealer Registration Requirements shall not apply in connection with trades by the Filer and its representatives of units of the Pooled Funds to clients for whom the Filer has fully managed accounts governed by the terms of a Managed Account Agreement so long as:

1. The Filer maintains its registration status as a registered adviser in the category or categories of investment counsel and portfolio manager in Ontario and New Brunswick and the Filer maintains its registration status in Ontario as a registered dealer in the category of limited market dealer with respect to distributions of non-prospectus qualified Pooled Funds in Ontario;

2. Units of the Pooled Funds are not distributed to clients resident in British Columbia or Alberta until such time as registration as an adviser in the categories of investment counsel and portfolio manager is received in British Columbia and Alberta, respectively, and once received, the Filer maintains such registration status; and

3. This Decision shall terminate one year after the coming into force of any Pooled Fund Rule and for the purposes of this Decision, "Pooled Fund Rule" shall mean a rule or other regulation of the Decision Makers that relates, in whole or in part, to the distribution of securities of a mutual fund or non-redeemable investment fund, other than pursuant to a prospectus for which a receipt has been issued by the Decision Makers, made by a portfolio manager to a client account of the portfolio manager pursuant to discretionary authority granted by the client, but, in Ontario, does not include Rule 45-501 Exempt Distributions.

July 20, 2001.

"Paul M. Moore" "R. Stephen Paddon"

2.1.7 Bristol-Myers Squibb Company & Zimmer Holdings, Inc - MRRS Decision

Headnote

MRRS - distribution of shares of a foreign company which is not a reporting issuer as a dividend in kind is not subject to registration and prospectus requirements - *de minimus* Ontario holders - first trade is a distribution unless such trade is conducted through a stock exchange outside of Canada.

Relevant Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. 25, 35(1)13,72(1)(g) and 74(1).

Relevant Ontario Rule

Rule 72-501 - Prospectus Exemption for First Trade over a Market Outside Ontario.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, QUEBEC, NEW BRUNSWICK, PRINCE EDWARD ISLAND,
NOVA SCOTIA, NEWFOUNDLAND, THE NORTHWEST TERRITORIES, NUNAVUT AND THE YUKON TERRITORY

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
BRISTOL-MYERS SQUIBB COMPANY
AND ZIMMER HOLDINGS, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Northwest Territories, Nunavut and the Yukon Territory (the "Jurisdictions") have received an application (the "Application") from Bristol-Myers Squibb Company (the "Corporation") and Zimmer Holdings, Inc. ("Zimmer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, subject to certain conditions:

(i) the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") shall not apply to the distribution (the "Distribution") by the Corporation of (A) shares of common stock, par value U.S.$0.01 per share (the "Zimmer Shares"), of Zimmer that it owns or will own, and the associated preferred stock purchase rights, as a dividend in kind to the holders of shares of common stock par value U.S. $0.10 (the "Bristol-Myers Shares") of the Corporation, and (B) options to purchase Zimmer Shares and shares of restricted stock of Zimmer upon conversion of outstanding options to purchase Bristol-Myers Shares and shares of outstanding restricted stock of the Corporation, respectively, held by employees of Zimmer as part of the dividend in kind; and

(ii) the requirements to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to the Distribution;

AND WHEREAS pursuant to the Mutual Reliance System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS the Corporation has represented to the Decision Makers that:

1. The Corporation is a corporation incorporated under the laws of the State of Delaware and its principal executive offices are located in the State of New York.

2. The Corporation, through its divisions and subsidiaries, is a major producer and distributor of pharmaceuticals, consumer medicines, nutritionals, medical devices and beauty care products.

3. The authorized capital stock of the Corporation consists of 4,500,000,000 Bristol-Myers Shares and 10,000,000 shares of U.S.$2.00 convertible preferred stock (the "Preferred Shares").

4. At the close of business on June 19, 2001, approximately 1,981,291,036 Bristol-Myers Shares and 9,780 Preferred Shares were issued and outstanding, excluding treasury shares.

5. The Bristol-Myers Shares and Preferred Shares are traded on the New York Stock Exchange, the Pacific Exchange, Inc. and the Frankfurt Stock Exchange.

6. The Corporation is not a reporting issuer or the equivalent in any Jurisdiction.

7. As of June 19, 2001, according to the books of the Corporation, 615 persons or companies, whose last address as shown on the books of the Corporation was in Canada, held 710,676.1054 Bristol-Myers Shares and such persons or companies (i) represented approximately 0.56 percent of the total number of holders of record of Bristol-Myers Shares worldwide and (ii) held approximately 0.036 percent of the aggregate outstanding Bristol-Myers Shares. Further, according to the books of the Corporation, 36 employees of the Corporation resident in Canada hold options for 124,050 Bristol-Myers Shares in the aggregate.

8. Zimmer was incorporated under the laws of the State of Delaware on January 12, 2001 under the name "Zodiac Holdings, Inc.". As of March 22, 2001, Zodiac Holdings, Inc. changed its name to Zimmer Holdings, Inc.

9. Zimmer is not a reporting issuer or the equivalent in any Jurisdiction and has no intention of becoming a reporting issuer or the equivalent in any Jurisdiction.

10. The authorized capital stock of Zimmer consists of 1,000 Zimmer Shares par value U.S.$0.01 per share and no shares of preferred stock. Prior to the date of the Distribution, Zimmer will amend its Certificate of Incorporation to authorize additional shares in sufficient number to effectuate the Distribution.

11. As of June 19, 2001, 1,000 Zimmer Shares, par value U.S.$0.01 per share and no shares of preferred stock of Zimmer were issued and outstanding.

12. The Corporation currently owns all of the issued and outstanding Zimmer Shares.

13. The Corporation intends to effect the Distribution on or about August 6, 2001.

14. The Zimmer Shares are not currently available for trading on any stock exchange. Upon completion of the Distribution, the Zimmer Shares will be traded on the New York Stock Exchange.

15. Each holder of Bristol-Myers Shares will receive 1 Zimmer Share, and associated preferred stock purchase rights for every 10 Bristol-Myers Shares. The number of Zimmer Shares purchasable under the terms of the options to purchase Bristol-Myers Shares held by employees of Zimmer that will be converted into options to purchase Zimmer Shares will be based upon a price conversion ratio to be determined at the time of the Distribution.

16. The Distribution will be effected in compliance with the laws of the State of Delaware, the United States *Securities Act of 1933*, the United States *Securities Exchange Act of 1934* and other applicable securities laws of the United States.

17. Upon completion of the Distribution, it is expected, on the basis of the holdings of Bristol-Myers Shares as of June 19, 2001, that persons or companies whose address as shown on the books of the Corporation is in Canada will (i) represent approximately 0.56 percent of the total number of holders of record of Zimmer Shares worldwide, and (ii) will hold approximately 0.036 percent of the aggregate outstanding Zimmer Shares.

18. In order to effect the Distribution, and in accordance with the requirements of the United States *Securities Exchange Act of 1934*, Zimmer has filed a Registration Statement on Form 10, including an information statement that contains prospectus-level disclosure with respect to Zimmer with the United States Securities Exchange Commission. In connection with the Distribution, the Corporation will mail the information statement to all holders of Bristol-Myers Shares, including those who are resident in Canada.

19. After the Distribution, Zimmer will concurrently send to holders of Zimmer Shares resident in the Jurisdictions all disclosure materials it sends to holders of Zimmer Shares resident in the United States.

20. The Distribution of the Zimmer Shares would be exempt from the Registration Requirements and the Prospectus Requirements of the Legislation in certain of the Jurisdictions but for the fact that Zimmer is not a reporting issuer or the equivalent in such Jurisdictions.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Corporation is exempt from the Registration Requirements and the Prospectus Requirements in connection with the Distribution, provided that the first trade in any Zimmer Shares acquired by residents of Canada in connection with the Distribution in reliance on this decision shall be deemed a distribution, or a primary distribution to the public, under the Legislation unless such trade is executed through the facilities of a stock exchange outside of Canada.

July 19, 2001.

"Paul M. Moore" "J. A. Geller"

2.1.8 Molson Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Exemption granted from the requirement to disclose executive compensation pursuant to Item 6 of From 30 and indebtedness of directors, executive officers and senior officers pursuant to Item 7 of Form 30 in connection with the mailing of an information circular for a special shareholders' meeting. Relief granted because the excluded information had just been publicly disclosed in connection with the issuer's annual meeting, there had been no material change in the excluded information since it was publicly disclosed, and the excluded information was not relevant to the matters under consideration at the special meeting.

Ontario Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 86(1) and 88(2)(b).

Ontario Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., Item 6 and 7 of Form 30.

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO,
NOVA SCOTIA AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
MOLSON INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Molson Inc. ("Molson") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that Molson be exempted from the requirement to include disclosure in the Information Circular (as defined below) regarding executive compensation and indebtedness of the directors, executive officers and senior officers, as otherwise required by the Legislation (collectively, the "Required Disclosure");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission has been selected as the principal regulator for this application;

AND WHEREAS Molson has represented to the Decision Makers that:

1. Molson, a corporation incorporated under the laws of Canada, is a reporting issuer in all provinces of Canada.

2. Molson has called a special meeting of shareholders to be held on August 28, 2001 (the "Special Meeting of Shareholders") asking shareholders to consider the following:

   (i) subdividing the issued and outstanding Class "A" non-voting shares and the issued and outstanding Class "B" common shares on a two-for-one basis, and reducing the Class "A" non-voting shares and the Class "B" common shares preferential dividend of 6 2/3 cents per share to 3 1/3 cents per share respectively; and

   (ii) giving the authority to the Board of Directors to determine that any future subdivision of shares may be effected by way of a dividend payable in Class "A" non-voting shares on the Class "A" non-voting shares and payable in Class "B" common shares on the Class "B" common shares.

3. The management proxy circular (the "Information Circular") in connection with the Special Meeting of Shareholders will be mailed to shareholders on or about July 24, 2001.

4. The proposed amendments must be approved by special resolutions each passed with or without variation by separate votes of the holders of the Class "A" non-voting shares and Class "B" common shares, in each case by a majority of no less than two thirds of the votes cast by the shareholders present or represented at the Special Meeting of Shareholders.

5. Unless a discretionary exemption was granted, the Legislation would require that the Information Circular include the Required Disclosure.

6. The Required Disclosure is not relevant to the matters being considered by the shareholders of Molson at the Special Meeting of Shareholders and would result in unnecessary expense to Molson if required to be included in the Information Circular.

7. The Required Disclosure was provided to the shareholders of Molson in the information circular dated May 9, 2001 (the "Annual Meeting Circular") that was mailed to the shareholders of Molson and filed in the Jurisdictions, in connection with its annual general meeting held on June 27, 2001 and there has been no material change to the Required Disclosure as contained in the Annual Meeting Circular.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Maker pursuant to the Legislation is that Molson be exempted from the requirement to include the Required Disclosure in the Information Circular.

July 24, 2001.

"Paul M. Moore" "R. Stephen Paddon"

2.1.9 Mackenzie Financial Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only one security holder - issuer deemed to have ceased being a reporting issuer.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. s. 83.

IN THE MATTER OF
THE CANADIAN SECURITIES LEGISLATION OF
THE PROVINCES OF ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUEBEC, NOVA SCOTIA, NEWFOUNDLAND AND YUKON TERRITORY

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland and Yukon Territory (the "Jurisdictions") has received an application from Mackenzie Financial Corporation (the "Filer") for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer in each of the Jurisdictions;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "MRRS"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer is a corporation constituted under the *Business Corporations Act* (Ontario) (the "OBCA"), and has an authorized capital consisting of an unlimited number of common shares ("Common Shares") which was listed on the Toronto Stock Exchange and the Nasdaq Stock Market.

2. The Filer is a reporting issuer or its equivalent in each of the provinces and territories in Canada, and is not in default of its reporting issuer obligations under the securities legislation of the Jurisdictions.

3. On January 29, 2001, Investors Group Inc. ("Investors Group") announced that it received the support of the Filer's board and management to make an offer to acquire 100% of the outstanding Common Shares of the Filer, on the basis of, at the option of the holder, for each Common Share: (a) $30.00 dollars in cash, or (b) 1.2 Investors Group shares, or (c) any combination thereof, subject to pro ration (the "Offer").

4. The Offer was mailed to the shareholders of the Filer on February 15, 2001, with an initial expiry date of April 17, 2001. On April 17, 2001, Investors Group extended the Offer, by notice of extension, until midnight of April 30, 2001. As of May 7, 2001, Investors Group had taken up and paid for a total of 136,945,254 Common Shares, representing 99.1% of the outstanding Common Shares of the Filer.

5. On April 30, 2001, pursuant to the provisions of the statutory right of compulsory acquisition provided by section 188 of the OBCA, Investors Group mailed a Notice of Compulsory Acquisition to each of the dissenting shareholders of the Filer who had not accepted the Offer. As required by the OBCA, Investors Group funded the Filer for each Common Share not tendered in the Offer with the consideration offered in the Offer. In accordance with the relevant provisions of the OBCA, Investors Group became the sole shareholder of Common Shares on May 30, 2001.

6. The Common Shares were de-listed from the Toronto Stock Exchange and the Nasdaq Stock Market on May 30, 2001, and are not listed on any stock exchange or traded over the counter in Canada or elsewhere.

7. The Filer has no securities, including debt securities, outstanding other than the Common Shares.

8. The Filer has no present intention of seeking public financing by way of an offering of its securities.

AND WHEREAS under MRRS, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Filer is deemed to have ceased to be a reporting issuer under the Legislation.

July 26, 2001.

"John Hughes"

2.1.10 Vanguard Oil Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer following a statutory arrangement.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. s. 83.

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, ONTARIO AND QUÉBEC

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
VANGUARD OIL CORPORATION

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario and Québec (the "Jurisdictions") has received an application from Vanguard Oil Corporation ("Vanguard") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Vanguard be deemed to have ceased to be a reporting issuer, or the equivalent, under the Legislation;

2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;

3. **AND WHEREAS** Vanguard has represented to the Decision Makers that:

   3.1 Vanguard was incorporated under the name 666676 Alberta Ltd. ("666676") on August 31, 1995, under the *Business Corporations Act* (Alberta);

   3.2 666676 amalgamated with Keltey Energy Limited on October 11, 1996 (the "Amalgamation") and continued under the name Kappa Energy Company Inc. ("Kappa");

   3.3 on January 7, 2000, Vanguard amended its articles to change its name from Kappa to Vanguard Oil Corporation;

   3.4 Vanguard's principal and registered office is located in Calgary, Alberta;

3.5 Vanguard became a reporting issuer, or the equivalent, as a result of the Amalgamation, and is not in default of any requirement of the Legislation save for its failure to file its first quarter interim financial statements for the three months ended March 31, 2001;

3.6 the authorized capital of Vanguard consists of an unlimited number of common shares (the "Shares"), of which there are 85,723,502 Shares issued and outstanding, and an unlimited number of Class A and Class B shares, both issuable in series of which there are no Class A and Class B shares issued and outstanding;

3.7 Vanguard entered into an arrangement agreement dated March 19, 2001 with Bitech Petroleum Corporation ("Bitech") pursuant to which Bitech would acquire all of the Shares pursuant to a plan of arrangement under the ABCA (the "Arrangement");

3.8 the Arrangement was approved by the requisite majority of holders of Shares at a special meeting held on May 23, 2001, and by order of the Court of Queen's Bench of Alberta on May 23, 2001;

3.9 as a result of the Arrangement, all of the issued and outstanding Shares are owned by Bitech;

3.10 Vanguard has no securities, including debt securities, issued and outstanding save for the Shares;

3.11 the Shares were delisted from the Toronto Stock Exchange on May 31, 2001, and no securities of Vanguard are listed or quoted on any stock exchange or organized market; and

3.12 Vanguard does not intend to make an offering of its securities to the public;

4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. **THE DECISION** of the Decision Makers under the Legislation is that Vanguard is deemed to have ceased to be a reporting issuer, or the equivalent, under the Legislation.

July 26, 2001.

"Patricia M. Johnston"

2.2 Orders

2.2.1 Air Canada

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, c.S.5, AS AMENDED

AND

IN THE MATTER OF
AIR CANADA

ORDER
(Subsections 127(1) and 127.1)

WHEREAS on July 25, 2001, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127(1) and 127.1 of the *Securities Act,* R.S.O. 1990 c.S.5, as amended (the "Act") in respect of Air Canada;

AND WHEREAS Air Canada entered into a settlement agreement dated July 25, 2001 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission ("Staff"), and upon hearing submissions from counsel for Air Canada and from Staff;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED:

1. the Settlement Agreement dated July 25, 2001, attached to this Order is hereby approved;

2. Air Canada will submit to a review by its auditor for each of the next four quarters to ensure compliance with applicable securities law, the TSE Company Manual and Air Canada's Public Disclosure Policy, as each relates to selective disclosure, with such reviews to be at the expense of Air Canada and with such reviews to be submitted to Staff and to Air Canada concurrently and thereafter publicly disclosed;

3. pursuant to clause six of subsection 127(1) of the *Act*, Air Canada is hereby reprimanded; and

4. pursuant to subsection 127.1(1)(b), Air Canada is ordered to make payment by certified cheque to the Commission in the amount of $80,000.00 in respect of the Commission's costs of the investigation.

July 27, 2001.

"Paul Moore" "Stephen Paddon"

"Lorne Morphy"

2.2.2 Golden Gram Capital Inc. - ss. 127 & 144

Headnote

Section 144 - partial revocation of cease trade order.

Statutes Cited

Securities Act, R.S.O., c.S.5, as am. ss. 127 and 144.

PURSUANT TO S. 144 OF THE SECURITIES ACT, R.S.O. 1990, C. S.5, AS AMENDED (THE "ACT")

IN THE MATTER OF
GOLDEN GRAM CAPITAL INC.

EXEMPTION ORDER

WHEREAS the securities of Golden Gram Capital Inc. ("Golden Gram") are subject to a temporary order of the Manager, Market Operations (the "Manager") of the Ontario Securities Commission (the "Commission") dated February 1, 2001 and extended by an order of the Manager dated February 13, 2001 made under section 127 of the Act (collectively referred to as the "Cease Trade Order") directing that all trading in the securities of Golden Gram cease;

AND WHEREAS Golden Gram has applied to the Commission pursuant to section 144 of the Act (the "Application") for a partial revocation of the Cease Trade Order;

AND UPON Golden Gram having represented to the Commission as follows:

1. Golden Gram was incorporated under the *Canada Business Corporations Act* on August 11, 1994. It is a reporting issuer under the securities legislation of the provinces of Alberta, British Columbia, Ontario and Quebec.

2. The authorized capital of Golden Gram consists of an unlimited number of common shares of which 11,540,621 are issued and outstanding.

3. Golden Gram previously carried on business as an owner and manager of certain recreational properties. In January 2001, it disposed of all of its operating assets and is presently inactive. As of the date hereof, Golden Gram has no assets other than cash and near cash investments arising from the proceeds from the disposition of its operating assets in January 2001.

4. On January 25, 2001, a cease trade order was also issued by the Commission des Valeurs Mobilieres du Quebec (the "CVMQ") against Golden Gram due to the failure of Golden Gram to file with the CVMQ and concurrently to send to the shareholders its financial statements for the fiscal year ended August 31, 2000. On April 9, 2001, the cease trade order issued by the CVMQ was revoked by the CVMQ.

5. The Cease Trade Order was issued due to the failure of Golden Gram to file with the Commission and

concurrently to send to shareholders its financial statements for the fiscal year ended August 31, 2000 and for the three-month period ended November 30, 2000 (the "Financial Statements") as required by the Act.

6. Golden Gram has filed the Financial Statements and all materials required to be filed pursuant to the Act and has sent the Financial Statements to its shareholders.

7. Golden Gram is contemplating a reverse take-over transaction (the "RTO") with Events International Meeting Planners Inc. ("Events International"), a private Quebec corporation involved in the business of managing and organizing international conferences.

8. Under the proposed terms of the RTO, Golden Gram will purchase all of the issued and outstanding shares of Events International in exchange for 30 million post consolidation common shares of Golden Gram at a deemed price of $0.40 per share for an aggregate value of $12 million. Any and all securities issued by Golden Gram in connection with the RTO will be subject to the Cease Trade Order.

9. The RTO will be subject to shareholder and Canadian Venture Exchange ("CDNX") approval. CDNX approval will be contingent on Golden Gram satisfying various CDNX requirements including distribution of an information circular containing prospectus level disclosure and CDNX's Minimum Listing Requirements.

10. The common shares of Golden Gram are listed on CDNX. Trading of the common shares of Golden Gram on CDNX was suspended effective February 1, 2001. Other than as necessary to complete the RTO, Golden Gram will not apply to have trading in its common shares reinstated until after the completion of the RTO and after the Commission grants a full revocation of the Cease Trade Order.

11. Other than its common shares, Golden Gram has no securities listed on any stock exchange or traded over the counter in Canada or elsewhere.

12. Other than its common shares, Golden Gram has no securities, including debt securities, outstanding.

13. Other than the RTO, Golden Gram does not intend to seek public financing by way of an offering of securities until after the completion of the RTO and after the Commission grants a full revocation of the Cease Trade Order.

14. Golden Gram has applied for a partial revocation of the Cease Trade Order so as to permit Golden Gram and Events International to enter the RTO on substantially the terms described in this order. Following the completion of the RTO, Golden Gram intends to make a further application for a full revocation of the Cease Trade Order so as to permit trading of its securities generally.

15. Golden Gram is not in default of any requirement of the Act or the rules or regulations made thereunder other than the Cease Trade Order.

AND UPON considering the Application and the recommendation of the staff of the Commission;

AND UPON the Director being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to section 144 of the Act, that the Cease Trade Order be and is hereby partially revoked solely to permit the issuance of common shares of Golden Gram, as set out in paragraphs 8 and 9 above, pursuant to the RTO.

July 25, 2001.

"John Hughes"

2.2.3 Business Development Bank of Canada - s. 83

Headnote

Crown Corporation, that became reporting issuer by virtue of the transfer of listing of its notes to the TSE, deemed to have ceased to be a reporting issuer - Except for shares held in trust for Crown, all issued and outstanding securities of issuer are securities referred top in paragraph 1(a) of subsection 35(2) of the Act.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. ss. 35(2)1(a), 73(1)(a), 83 and 83.1.

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE "ACT")

AND

IN THE MATTER OF THE
BUSINESS DEVELOPMENT BANK OF CANADA

ORDER
(Section 83)

UPON the application (the "Application") of Business Development Bank of Canada (the "Bank") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 83 of the Act, that the Bank be deemed to have ceased to be a reporting issuer.

AND UPON the Bank having represented to the Commission that:

1. the Bank is a body corporate governed by the *Business Development Bank of Canada Act* (the "BDB Act");

2. the purpose of the Bank, as set out in the BDB Act, is to support Canadian entrepreneurship by providing financial and management services and by issuing securities or otherwise raising funds or capital in support of those services;

3. subsection 3(4) of the BDB Act provides that the Bank is for all purposes an agent of Her Majesty in right of Canada (the "Federal Crown");

4. subsection 23(2) of the BDB Act provides that the shares of the Bank may be issued only to the Designated Minister (as defined in the BDB Act) to be held in trust for the Federal Crown;

5. subsection 18(1) of the BDB Act provides that the Bank may borrow money by issuing and selling or pledging debt obligations of the Bank;

6. the Bank has, and may, from time to time, borrow money by issuing notes (the "Notes") that constitute direct unconditional obligations of the Bank which are also direct unconditional obligations of the Federal Crown;

7. the terms of any Notes issued by the Bank may provide for a return to the holder that is linked to various market indices (such as currencies, commodities, interest rates, swap rates), an equity index or basket of securities or equity indices or other underlying interests;

8. except for shares that are held in trust for the Federal Crown, all other securities ("Outstanding Securities") of the Bank that are issued and outstanding are securities ("exempt securities") that:

   (a) are referred to in paragraph 1(a) of subsection 35(2) of the Act; and

   (b) do not, by their terms, limit the liability of the Bank to the assets of the Bank, or provide for any return that may be dependent upon the financial condition or performance of the Bank, so that the financial condition or performance of the Bank is not relevant to any holder of Outstanding Securities;

9. the Outstanding Securities were issued by the Bank in reliance upon the prospectus exemption contained in clause 73(1)(a) of the Act that refers to securities in paragraph 1(a) of subsection 35(2) of the Act;

10. the Bank may, from time to time, arrange for the listing of its securities on The Toronto Stock Exchange (the "TSE"), so that upon such listing the Bank may, by virtue of the definition of "reporting issuer" in the Act, become a reporting issuer, in each such case, the Bank intends to apply to the Commission for an order, pursuant to section 83 of the Act, that it be deemed to have ceased to be a reporting issuer;

11. on December 6, 1999, the Bank became a reporting issuer by virtue of the transfer of the listing of the Internet Stock Basket Protected Notes Due 2009 of the Bank from the Montreal Exchange to the TSE. On January 21, 2000, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

12. on February 7, 2000, the Bank became a reporting issuer by virtue of the listing of Global Giants Equity-Linked Notes, Series 1 of the Bank on the TSE. On February 29, 2000, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

13. on April 28, 2000, the Bank became a reporting issuer by virtue of the listing of International Equity Index Linked Notes, Series 1 of the Bank on the TSE. On June 2, 2000, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

14. on December 6, 2000, the Bank became a reporting issuer by virtue of the listing of Global Equity Index Linked Notes, Series 1 of the Bank on the TSE. On January 5, 2001, the Commission issued an order

pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

15. on March 22, 2001, the Bank became a reporting issuer by virtue of the listing of Nasdaq-100 Index® Linked Notes, Series 1 and Nasdaq-100 Index® Linked Notes, Series 2 of the Bank on the TSE. On April 15, 2001, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

16. on April 27, 2001, the Bank became a reporting issuer by virtue of the listing of Nasdaq-100 Index® Linked Notes, Series 3 of the Bank on the TSE. On July 17, 2001, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act.

17. on May 30, 2001, the Bank became a reporting issuer by virtue of the listing of its Nasdaq-100 Index® Linked Notes, Series 4 ("Nasdaq 4 Notes") on the TSE. The Bank is not in default of any requirements of the Act or regulations promulgated thereunder;

18. if the Outstanding Securities should cease to be exempt securities, the Bank will so advise the Director, so that the Director may consider whether, in the circumstances, it may be appropriate to apply to the Commission for an order, pursuant to section 83.1 of the Act, deeming the Bank to be a reporting issuer for the purposes of Ontario securities laws.

AND UPON considering the Application and the recommendations of staff of the Commission;

AND UPON the Commission being satisfied that to do so would be in the public interest;

IT IS ORDERED, pursuant to section 83 of the Act, that the Bank is deemed to have ceased to be a reporting issuer.

July 24, 2001.

"Paul Moore" "Stephen Adams"

2.2.4 TD Asset Management Inc. - s. 144

Headnote

Variation of an order of the Commission to exempt certain index funds from the requirements of clauses 111(2)(a) and (c) and subsection 111(3) in respect of investments by the index funds in share of issuers related to the index funds' manager - in order to retain its status as a pooled fund trust, an index fund's tracking of an index will be subject to non-discretionary modification, as necessary.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c.S.5, as am, 111(2)(a) and (c), 111(3) and 144.

IN THE MATTER OF
THE SECURITIES ACT,R.S.O. 1990,
Chapter S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF
TD ASSET MANAGEMENT INC.

ORDER
(Section 144)

UPON the application (the "Application") of TD Asset Management Inc. ("TDAM") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 144 of the Act to vary an order of the Commission dated May 9, 1995 (the "Prior Order") to exempt the Emerald Canadian Large Cap Pooled Fund Trust (the "Large Cap Fund"), the Emerald Canadian Equity 300 Pooled Fund Trust (the "Canadian Equity Fund"), and the Emerald Canadian Equity 300 Pooled Fund Trust II (the "Canadian Equity Fund II") and any other index funds established after the date of this application of which TDAM is the manager (collectively, the "Index Funds") from the requirements of clauses 111(2)(a) and (c) and subsection 111(3) of the Act in respect of investments by the Index Funds in the shares of The Toronto-Dominion Bank (the "Bank") and TD Waterhouse Group, Inc. ("TD Waterhouse").

AND UPON reading the Application and the recommendation of the staff of the Commission;

AND UPON TDAM having represented to the Commission that:

1. TDAM is a registrant, registered as a mutual fund dealer and as an investment counsel and portfolio manager under the Act.

2. TDAM is the manager of the Large Cap Fund, the Canadian Equity Fund and the Canadian Equity Fund II and may in the future be the manager of other Index Funds.

3. TDAM is a wholly-owned subsidiary of the Bank.

4. TD Waterhouse is approximately 89% owned by the Bank.

5. Each of the Index Funds is or will be an open-ended mutual fund established under the laws of Ontario.

6. Each of the Index Funds is or will be a "mutual fund in Ontario" under the Act.

7. None of the Large Cap Fund, the Canadian Equity Fund or the Canadian Equity Fund II is currently a "reporting issuer" under the Act but these Funds and the other Index Funds may become "reporting issuers".

8. Units of each of the Index Funds have been and will be offered under an exemption from the requirement to file a prospectus under the Act but units of the Index Funds may in the future also be offered under a prospectus filed under the Act.

9. Under the Prior Order, the Large Cap Fund, which, at the time of the Prior Order, was called the Emerald Equity 100 Pooled Fund Trust, received an exemption from the provisions of clause 111(2)(a) and subsection 111(3) of the Act with respect to the purchase of shares of the Bank provided such investment was made on a capitalization weighted basis in substantially the same proportion that such securities were included in an index of approximately 100 securities listed on the Toronto Stock Exchange (the "TSE").

10. The Large Cap Fund has amended its objective such that the performance which the Fund seeks to track is the performance of an index of approximately 60 participating securities listed on the TSE, currently being the S&P/TSE 60 Index, but otherwise operates on the same basis as was the case at the time of the Prior Order.

11. The investment objective of the Canadian Equity Fund is to track the performance of an index or group of approximately 300 participating securities listed on the TSE, currently being the Toronto Stock Exchange 300 Total Return Index (the "TSE 300 Index), primarily by investing in equity securities of issuers which are included in the TSE 300 Index.

12. The investment objective of the Canadian Equity Fund II is to track the performance of an index or group of approximately 300 participating securities listed on the TSE, currently being the TSE 300 Index, primarily by investing in equity securities of issuers which are included in the TSE 300 Index.

13. Any index which an Index Fund seeks to track is or will be a "permitted index" within the meaning of National Instrument 81-102.

14. The investment objective of each of the Index Funds is or will be to track the performance of an index by holding securities on a capitalization weighted basis in substantially the same proportion that such securities are included in an index, subject to a non-discretionary modification (the "Non-Discretionary Modification") described in paragraph 15 below to ensure that the Index Fund will retain its status as a pooled fund trust (a "Pooled Fund Trust") as defined in the *Income Tax Act* (Canada) if such status is material to the Index Fund.

15. If replicating the index results in the securities of one issuer representing more than 10% of the cost of all securities of the Index Fund and if the status as a Pooled Fund Trust is material to the Index Fund, the Index Fund exercises the Non-Discretionary Modification pursuant to which it allocates investments that would otherwise be made in that issuer to the other issuers in the index on a pro rata basis.

16. Securities of the Bank and/or TD Waterhouse may be included in the indices the performance of which the Index Funds seek to track.

17. Clients of TDAM who purchase units of the Index Funds must enter into an investment management agreement in which the client specifically consents to the purchase of securities of the Index Funds and to the purchase of securities of the Bank and/or TD Waterhouse.

18. The investment in securities of the Bank and/or TD Waterhouse by the Index Funds represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Funds.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 144 of the Act that clauses 111(2)(a) and (c) and subsection 111(3) of the Act do not apply to the Index Funds' investments in securities of the Bank and/or TD Waterhouse provided that in the case of the Index Funds, the proportion of an Index Fund's assets to be invested in shares of the Bank and/or TD Waterhouse is determined in accordance with the Index Fund's practice of investing in shares included in an index on a capitalization weighted basis, whereby the Index Fund invests in shares included in the index in substantially the same proportion that such shares are weighted in the index, subject to the Non-Discretionary Modification, and not pursuant to the exercise of discretion of TDAM.

July 27, 2001.

"Paul M. Moore" "R. Stephen Paddon"

2.2.5 Primex Forest Products Ltd. - s. 83

Headnote

Issuer deemed to have ceased to be reporting issuer under the Act.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 1(1), 6(3) and 83.

IN THE MATTER OF
THE SECURITIES ACT R.S.O 1990, c. S.5, as amended

AND

IN THE MATTER OF
PRIMEX FOREST PRODUCTS LTD.

ORDER
(Section 83)

WHEREAS the Ontario Securities Commission (the "Commission") has received an application from Primex Forest Products Ltd. ("Primex") for a order under Section 83 of the *Securities Act* that Primex be deemed to have ceased to be a reporting issuer;

AND WHEREAS simultaneously with its application to the Commission, Primex has filed a Notice of Voluntary Surrender of Reporting Issuer Status with the British Columbia Securities Commission;

AND WHEREAS Primex has represented to the Commission that:

The facts upon which this application is based are as follows:

1. Primex is a Canadian company engaged principally in the manufacture and marketing of high-valued lumber products from British Columbia's coastal forests for the Japanese market with its head office in Delta, British Columbia.

2. Primex was incorporated on May 27, 1963 under the laws of the Province of British Columbia by Memorandum and Articles under the name Evergreen Studs Limited. It changed its name to Acorn Forest Products Ltd. in November, 1963, to Gregory Manufacturing Limited in April, 1972 and finally to Primex Forest Products Ltd. in May, 1986.

3. The authorized share capital of Primex consists of 200,000,000 Common shares without par value, of which 15,827,208 were issued and outstanding as of July 20, 2001.

4. Primex is a reporting issuer under the *Securities Act* (Ontario) and the *Securities Act* (British Columbia).

5. On May 1, 2001, pursuant to an offer dated March 30th, 2001 (the "Offer"), as extended, and an accompanying take-over bid circular, over 90% of the issued and outstanding common shares in the capital of Primex were acquired by International Forest Products Limited ("Interfor").

6. On May 15, 2001, pursuant to Section 255 of the *Company Act* (British Columbia) Interfor proceeded with the acquisition (the "Compulsory Acquisition") of the remaining common shares of Primex that were not deposited under the Offer, and sent a notice of acquisition to each of the holders to those remaining shares.

7. Upon completion of the Compulsory Acquisition, Interfor became the sole shareholder of Primex and effective May 18, 2001 the common shares of Primex were delisted from the TSE. No securities of Primex are listed or quoted on any exchange or market in Canada or elsewhere.

8. Other than the common shares, Primex has no other securities, including debt securities, outstanding.

9. Primex does not intend to seek public financing by way of offering its securities.

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED pursuant to Section 83 of the Act that Primex is deemed to have ceased to be a reporting issuer in Ontario.

July 27, 2001.

"John Hughes"

2.2.6 LEED NT Corp. & BMO Nesbitt Burns Inc. - ss. 121(2)(a)(ii).

Headnote

Subclause 121(2)(a)(ii) of the Act - subdivided offering where underlying interest consists of a portfolio of common shares of several different issuers - promoter/agent exempt from section 119 of the Act with respect to certain principal trades with the Issuer in shares of portfolio companies, such purchases and sales but for this order being prohibited by virtue of the promoter/agent's access to information concerning the investment program of the Issuer.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. l(1), 119, 121(2)(a)(ii).

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF
LEED NT CORP. AND
BMO NESBITT BURNS INC.

ORDER
(Subclause 121(2)(a)(ii))

UPON the application of LEED NT Corp. ("LEED") and BMO Nesbitt Burns Inc. ("Nesbitt") to the Ontario Securities Commission (the "Commission") pursuant to subclause 121(2)(a)(ii) of the Act for an order exempting Nesbitt from the applicability of section 119 of the Act in connection with the acquisition by Nesbitt, as principal, of certain portfolio securities owned by LEED in connection with the redemption by LEED of all of its issued and outstanding capital shares (the "Capital Shares") and equity dividend shares (the "Equity Dividend Shares");

AND UPON considering the application and the recommendation of staff of the Commission;

AND UPON the applicants having represented to the Commission that:

1. LEED was incorporated under the laws of the Province of Ontario on July 19, 1996.

2. LEED is a passive "split share" investment company, the purpose of which is to enable investors, through the holding of Capital Shares or Equity Dividend Shares, to satisfy separately the investment objectives of capital appreciation or dividend income with respect to common shares (the "Portfolio Shares") of Canadian Imperial Bank of Commerce, The Bank of Nova Scotia, The Toronto-Dominion Bank, Enbridge Inc. and TransCanada PipeLines Limited held by LEED.

3. LEED is a reporting issuer within the meaning of the Act and, to the best of its knowledge, is not in default of any requirement of the Act or the regulation or rules made thereunder.

4. LEED is a mutual fund as defined in subsection 1(1) of the Act.

5. The Capital Shares and the Equity Dividend Shares are listed on The Toronto Stock Exchange Inc. (the "TSE").

6. The Portfolio Shares are listed and traded on, among other stock exchanges, the TSE.

7. Nesbitt is the administrator of the ongoing affairs of LEED under an administration agreement, in respect of which it earns a fee for its services.

8. Nesbitt is registered under the Act as a dealer in the categories of "broker" and "investment dealer" and is a member of the Investment Dealers Association of Canada and the TSE. A predecessor of Nesbitt, Nesbitt Burns Inc., acted as promoter and as one of the agents in connection with the offering of the Capital Shares and the Equity Dividend Shares to the public pursuant to the prospectus of LEED dated August 27, 1996 (the "Prospectus").

9. Three of the five directors and all of the officers of LEED are employees of Nesbitt.

10. Nesbitt is not an insider of any issuer of the Portfolio Shares within the meaning of subsection 1(1) of the Act.

11. By virtue of Nesbitt's relationship with LEED, Nesbitt has access to information concerning the investment program of LEED.

12. In accordance with the articles of LEED, and consistent with the disclosure in the Prospectus and therefore the expectations of purchasers of the Capital Shares and the Equity Dividend Shares at the time of the initial distribution, the Board of Directors of LEED proposes to redeem all of the Capital Shares and Equity Dividend Shares then outstanding on September 7, 2001.

13. To fund the redemption, LEED proposes to liquidate its portfolio of Portfolio Shares by:

    (a) selling Portfolio Shares to holders of Capital Shares in accordance with the offer described below in paragraph 14; and

    (b) selling remaining Portfolio Shares by way of one or more competitive tenders, or otherwise privately or into the market.

14. As contemplated in the articles of LEED and the Prospectus, at the request of certain holders of Capital Shares who tender their shares together with a certain cash payment, LEED will make payment of the amount due on redemption of the Capital Shares by delivering Portfolio Shares (rounded down to the nearest whole share) having a value equal to the redemption price in

respect of such Capital Shares and the additional cash payment (the "Shareholder Purchases").

15. LEED proposes to dispose of remaining Portfolio Shares by way of one or more competitive tenders to be supervised by the two independent directors of LEED and the legal counsel of LEED and which will involve a request for tenders from Nesbitt and no fewer than two other major investment dealers acting at arm's length to LEED and Nesbitt (the "Tender Process"). LEED is proposing to dispose of Portfolio Shares by way of the Tender Process to ensure that the Portfolio Shares will be disposed of in an orderly fashion so that LEED may realize the best reasonably available price therefor, and to preclude any artificial reduction in the market price of the Portfolio Shares which may be caused by selling the significant number of Portfolio Shares required to be sold into the market.

16. Participants in each Tender Process will only have one opportunity to bid for the Portfolio Shares and the persons supervising the Tender Process will not, prior to completion of the Tender Process, disclose to any participant the bid price for the Portfolio Shares submitted by the other participants.

17. With price being the sole determining factor, the Portfolio Shares to be sold under each Tender Process will be sold to the participant bidding the highest price (the "Bid Price") for such Portfolio Shares. Accordingly, it is possible that the Portfolio Shares may be sold to Nesbitt, as principal (the "Tender Process Purchases").

18. In addition to the Shareholder Purchases and the Tender Process or where such methods are not chosen or available, LEED also intends to fund redemptions by selling Portfolio Shares to Nesbitt who may purchase such shares as principal (the "Regular Purchases", and together with the Tender Process Purchases, the "Principal Purchases") either privately or through the market, provided that the price obtained (net of all transaction costs, if any) by LEED from Nesbitt is at least as high as the price that is available (net of all transaction costs, if any) through the facilities of the applicable stock exchange at the time of the trade.

19. When making a Principal Purchase, Nesbitt will comply with the rules, procedures and policies of the stock exchanges of which it is a member regarding principal transactions.

20. Any Principal Purchases will be approved by the two independent directors of LEED.

21. Nesbitt will not receive any commissions from LEED in connection with Principal Purchases and in carrying out Principal Purchases, Nesbitt will deal fairly, honestly and in good faith with LEED.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to subclause 121(2)(a)(ii) of the Act, that Nesbitt is exempt from the applicability of section 119 of the Act in respect of the Principal Purchases, provided that such purchases are made in accordance with paragraphs14 through 21 herein.

July 27, 2001.

"Paul M. Moore" "R. Stephen Paddon"

2.2.7 Principals of CCI Capital: Ricardo Molinari et al. - s. 127

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, C. S.5, AS AMENDED

AND

IN THE MATTER OF
RICARDO MOLINARI, ASHLEY COOPER, THOMAS STEVENSON, MARSHALL SONE, FRED ELLIOTT,
ELLIOTT MANAGEMENT INC., AND
AMBER COAST RESORT CORPORATION

ORDER
(Section 127)

WHEREAS this proceeding was commenced by a Notice of Hearing and related Statement of Allegations dated June 15, 2001;

AND WHEREAS Staff of the Commission and the Respondents have jointly requested that this matter be adjourned sine die, returnable upon seven days notice by any party;

AND WHEREAS the Commission considers it to be in the public interest to make this order;

IT IS ORDERED THAT pursuant to section 21 of the *Statutory Powers Procedures Act*, R.S.O. 1990, c. S.22, as amended, the hearing is adjourned sine die, returnable upon seven days notice by any party.

July 27, 2001.

"Paul Moore"

2.3 Rulings

2.3.1 IMS Health Incorporated - ss. 74(1) & 104(2)(c)

Headnote

Subsections 74(1) and 104(2)(c) - relief from registration requirements granted in connection with certain trades by employees and non-employees in connection with employee compensation plan - relief from issuer bid requirements granted in connection with acquisitions of securities from employees and non-employees at a price determined under the plan.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 35, 74(1), 95, 96, 97, 98, 100 and 104(2)(c).

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 183, 203, 204 and 206

Rules Cited

OSC Rule 45-501 - Exempt Distributions, ss. 2.2.

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF
IMS HEALTH INCORPORATED

RULING and ORDER
(Subsections 74(1) and 104(2)(c))

UPON the application of IMS Health Incorporated (the "Company") to the Ontario Securities Commission (the "Commission") for:

(a) a ruling pursuant to subsection 74(1) of the Act that section 25 of the Act shall not apply to certain trades in securities of the Company made in connection with the IMS 2000 Stock Incentive Plan (the "Plan") and the IMS Long-Term Incentive Plan (the "LTIP"); and

(b) an order pursuant to clause 104(2)(c) of the Act that sections 95, 96, 97, 98, and 100 of the Act and section 203.1 of the regulation (the "Regulation") made under the Act, (collectively, the "Issuer Bid Requirements") shall not apply to certain acquisitions by the Company of securities of its own issue pursuant to the Plan and the LTIP (collectively, the Plan and the LTIP are, the "Plans");

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Company having represented to the Commission as follows:

1. The Company is a corporation incorporated under the laws of the State of Delaware.

2. The Company's authorized share capital consists of 800,000,000 shares of common stock (the "Shares"), 10,000,000 shares of preferred stock ("Preferred Shares"), and 10,000,000 shares of series common stock ("Series Common Shares"). As of April 30, 2001, there were 294,848,257 Shares issued and outstanding and no Preferred Shares or Series Common Shares outstanding.

3. The Company is subject to the requirements of the *Securities Exchange Act of 1934* (the "Exchange Act"), as amended, of the United States ("U.S."), and the Shares are listed and posted for trading on the New York Stock Exchange ("NYSE").

4. The Company is not a reporting issuer under the Act and has no present intention of becoming a reporting issuer under the Act.

5. IMS Health, Canada Limited, a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of Canada and continued under the laws of the province of Nova Scotia.

6. IMS Health, Canada Limited is not a reporting issuer under the Act and has no present intention of becoming a reporting issuer under the Act.

7. The purpose of the Plans is to aid the Company and its affiliates (collectively, the "IMS Companies") in securing and retaining employees ("Employees") of outstanding ability (other than executive officers) and to motivate such Employees to exert their best efforts on behalf of the IMS Companies by providing incentives through the granting of stock options ("Options"), stock appreciation rights, restricted shares, restricted share units, share purchase rights, awards valued in reference to or based upon Shares or factors that influence the value of Shares or dividend equivalents (collectively, the "Awards").

8. Participation in the Plans is voluntary and Employees have not been and will not be induced to participate in the Plans or to exercise Awards granted under the Plans, by expectation of employment or continued employment with the IMS Companies.

9. As of May 24, 2001, there were approximately 76 Employees resident in Ontario eligible to receive Awards under the Plans.

10. Shares offered under the Plan are registered with the Securities and Exchange Commission (the "SEC") in the United States under the Exchange Act.

11. In connection with the Plans, the Company anticipates using the services of agent(s) (each an "Agent"). The Agents' roles in the Plans may include (i) assisting participants with the exercise of Awards, including stock-swap exercises ("Stock-Swap Exercises") and cashless exercises ("Cashless Exercise(s)"); (ii) holding Shares issued under the Plans on behalf of Employees and former Employees ("Former Employee(s)"), a legal representative(s) of an Employee or Former Employee, or beneficiaries of an Award by will or the laws of intestacy (collectively, "Non-Employee Participants"), and (iii) facilitating the resale of Shares acquired under the Plans.

12. UBS/PaineWebber Inc. ("PaineWebber") has been appointed as an Agent. PaineWebber is, and if replaced the Agent will be, a corporation registered under applicable U.S. securities or banking legislation and will be authorized by the Company to provide services under the Plans. PaineWebber is not a registrant in Ontario except in the category of International Dealer, and if replaced, the Agent is not expected to be a registrant in Ontario.

13. The committee appointed by the Board of Directors of the Company (the "Committee") shall establish procedures governing the exercise of Options and other Awards capable of being exercised. Generally, in order to exercise an Option, an Employee or a Non-Employee Participant must submit to the Company or to the Agent a notice of exercise in the form approved by the Committee, identifying the Option or Award and the number of Shares being exercised, together with full payment for the Shares underlying the Option or Award. The exercise price may be paid in cash, or where permitted by the Committee, by way of Cashless Exercise or Stock-Swap Exercises.

14. The LTIP does not permit Award grants and does not provide for the grant of any securities; rather, the LTIP (i) sets out rules that govern certain Award grants under the Plan as well as under the 1998 IMS Health Incorporated Employee Stock Incentive Plan ("ESIP"), and (ii) provides rules that govern certain trades affecting Awards granted under the Plan and ESIP.

15. Shares withheld in payment of withholding taxes or exercise costs may either (i) be sold by the Agent on behalf of the optionee and the proceeds of the sale delivered to the Company, or (ii) be reacquired by the Company (collectively, the "Withholding Acquisitions").

16. Those shares reacquired by the Company will either be cancelled by the Company or put into the Company treasury.

17. Following the termination of an Employee's relationship with the IMS Companies, Non-Employee Participants will continue to have rights in respect of Awards granted under the Plans. Post-termination rights may include, among other things, the right of a Non-Employee Participant to exercise an Award for a specified period following termination of the Employee's employment and the right to exercise Awards and sell Shares acquired under the Plans through the Agent.

18. The total number of Shares reserved for issuance under the Plan is 18,448,293.

19. Currently, less than 10% of the of the outstanding Shares are held by persons or companies whose last address as shown on the books of the Company is in Ontario and such persons or companies do not represent more than 10% of the total number of holders of outstanding Shares.

20. A copy of the U.S. prospectus relating to the Plan will be delivered to each Employee who receives an Award. The annual reports, proxy materials and other materials that the Company is required to file with the SEC will be provided or made available upon request to Ontario resident Employees and Non-Employee Participants who acquire Shares under the Plan, at substantially the same time, and in substantially the same manner, as such materials are provided or made available to U.S.-resident Employees participating in the Plan.

21. The registration exemption contained in paragraph 35(1)(12)(iii) of the Act is not available to the Agent in connection with Option exercises by Non-Employee Participants effected through the Agent because under subsection 204(1) of the Regulation the Agent is a "market intermediary" ("Market Intermediary") in Ontario and is not registered under the Act.

22. The registration exemptions contained in paragraph 35(1)(17)of the Act or subsection 2.2(b) of OSC Rule 45-501 are not available to the Agent in connection with the acquisition of Shares by the Company through the Agent upon an Employee or Non-Employee Participant tendering Shares in payment of the Award exercise price pursuant to a Stock-Swap Exercise or pursuant to Withholding Acquisitions because the Agent is a Market Intermediary in Ontario and is not registered under the Act.

23. No exemption from the registration requirements is available in Ontario for the first trade in Shares by Non-Employee Participants through the Agent.

24. Because there is no market for the Shares in Canada and none is expected to develop, it is expected that the resale by Employees and Non-Employee Participants of the Shares acquired under the Plans will be effected through the facilities of the NYSE.

25. No exemption is available from the Issuer Bid Requirements for certain acquisitions by the Company of Shares in accordance with the terms of the Plans since such acquisitions may occur at a price that is not equal to the "market price" as that term is defined in subsection 183(1) of the Regulation and acquisitions may be made from persons other than Employees or Former Employees.

AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED pursuant to subsection 74(1) of the Act that:

(i) the exercise of Options or Awards that are capable of being exercised, by Non-Employee Participants in accordance with the Plans and effected through the Agent shall not be subject to section 25 of the Act;

(ii) acquisitions of Shares by the Company from Employees or Non-Employee Participants through the Agent as a means of satisfying withholding taxes, the exercise price and transaction costs for Options and Awards made in accordance with the provisions of the Plans shall not be subject to section 25 of the Act; and

(iii) the first trade in Shares acquired through the Plans by Non-Employee Participants made through the Agent shall not be subject to section 25 of the Act provided that at the time of such first trade, the Company is not a reporting issuer under the Act, and that such first trade is executed on an exchange or market outside of Canada;

AND IT IS ORDERED pursuant to subsection 104(2)(c) of the Act that acquisitions of Shares by the Company from Employees or Non-Employee Participants are exempt from the Issuer Bid Requirements, provided that such acquisitions are made in accordance with the provisions of the Plans.

July 31, 2001.

"Paul M. Moore" "J. A. Geller"

Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Saco Smartvision Inc.	30 May 01	11 Jun 01	12 Jul 01	27 Jul 01
United Industrial Services Ltd.	13 Jul 01	25 Jul 01	25 Jul 01	-
American Bullion Minerals Ltd. Swica Resource Corp.	17 Jul 01	27 Jul 01	27 Jul 01	-
Brazilian Resources, Inc.	23 Jul 01	03 Aug 01	-	30 Jul 01
Acme Metals Incorporated	26 Jul 01	07 Aug 01	-	-
Arborscience Inc. Avenza Global Technologies Corp. Black Pearl Minerals Consolidated Inc.	30 Jul 01	10 Aug 01	-	-

4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Dotcom 2000 Inc.	29 May 01	11 Jun 01	11 Jun 01	-	23 Jul 01
St. Anthony Resources Inc.	29 May 01	11 Jun 01	11 Jun 01	23 Jun 01	-
Galaxy OnLine Inc. Melanesian Minerals Corporation	29 May 01	11 Jun 01	11 Jun 01	24 Jul 01	-
Brazilian Resources, Inc.* Link Mineral Ventures Ltd.* Nord Pacific Limited*	30 May 01	12 Jun 01	12 Jun 01	-	23 Jul 01
Landmark Global Financial Corp.	30 May 01	12 Jun 01	12 Jun 01	28 Jun 01	-
Dominion International Investments Inc.	12 Jun 01	25 Jun 01	25 Jun 01	-	23 Jun 01
Zamora Gold Corp.	13 Jun 01	26 Jun 01	26 Jun 01	18 Jul 01	-
Consumers Packaging Inc.	20 Jun 01	03 Jul 01	-	05 Jul 01	-
Systech Retail Systems Inc.	27 Jun 01	10 Jul 01	10 Jul 01	-	-
United Trans-Western, Inc.	05 Jul 01	18 Jul 01	19 Jul 01	-	23 Jun 01
Digital Duplication Inc.	10 Jul 01	23 Jul 01	23 Jul 01	-	-

*Please note the lapse date in last week's bulletin (2001, 24 OSCB, 4584) for the three companies was recorded in error, as the companies did not lapse.

4.3.1 Lapsed Cease Trading Orders

Company Name	Date of Lapse/Expire
TMI-Learnix Inc.	31 Jul 01
Bro-X Minerals Ltd.	01 Aug 01

Chapter 5

Rules and Policies

5.1.1 32-501 Direct Purchase Plans

NOTICE OF RULE UNDER THE SECURITIES ACT
RULE 32-501 DIRECT PURCHASE PLANS

Notice of Rule

The Commission has, under section 143 of the *Securities Act* (the "Act"), made Rule 32-501 Direct Purchase Plans (the "Rule").

The Rule and the material required by the Act to be delivered to the Minister of Finance were delivered on July 27, 2001. If the Minister does not approve the Rule, reject the Rule or return it to the Commission for further consideration, the Rule will come into force on October 10, 2001. If the Minister approves the Rule, the Rule will come into force 15 days after it is approved.

The Rule was published for comment on November 17, 2000. During the comment period, which expired on February 16, 2001, the Commission received 28 submissions. The names of the commenters providing the submissions, a summary of their comments and the responses of the Commission are contained in Appendix A to this Notice. The Commission thanks all commenters for providing their comments on the Rule. The Commission has considered the comments and does not believe any amendments are required. Copies of the comment letters may be viewed at the office of Micromedia, 20 Victoria Street, Toronto, Ontario, (416) 312-5211 or (800) 387-2689.

Substance and Purpose of Rule

The Rule will establish a regime that will permit reporting issuers to establish direct purchase plans in Ontario under which an issuer may issue securities directly to investors without the need to sell those securities through a registrant. The Rule would establish safeguards around the use of such plans that the Commission believes will provide appropriate protection for investors in respect both of the administration of the Plans and the promotion of securities offered under direct purchase plans.

Summary of Rule

Part 1

Section 1.1 contains the definitions used in the Rule.

The key definition is that of "direct purchase plan", which is defined as

> "an arrangement operated by or on behalf of a reporting issuer under which a person or company is permitted to purchase securities of the reporting issuer's own issue
>
> (a) directly from the reporting issuer; or
>
> (b) a marketplace through an administrator of the direct purchase plan;".

This definition restricts the ambit of the Rule to "issuer sponsored plans" because it requires that a plan be "operated by or on behalf of a reporting issuer", which is not the case with bank sponsored plans. The definition also permits trades to be made under a plan either from the treasury of the issuer or on the secondary market.

The definition of "administrator" refers to the entity that administers the plan for the relevant reporting issuer. This is often the transfer agent of the issuer, and will typically be the same organization that administers dividend reinvestment plans for issuers; however, the definition also includes issuers, for plans administered directly by the relevant issuer.

The definitions of "plan advertisement" and "promotional activities" are used in Part 4 of the Rule, which regulates the manner in which a direct purchase plan may be promoted. The definition of "public medium" is used in the definition of "plan advertisement".

Part 2

Section 2.1 provides the regulatory relief necessary to permit the operation of direct purchase plans, namely relief from the registration requirements of section 25 of the Act to permit trades to be made other than by a registrant. The Commission has imposed three conditions to the relief. First, the administrator of the direct purchase plan must comply with Part 3 of the Rule in connection with the plan. Second, the investor must be provided with a free-standing investor disclosure statement that contains the information described in section 4.2 of the Rule. This disclosure document, together with a prospectus, should provide investors with adequate information about both the issuer and the securities being purchased, and the risks associated with direct purchase plans, to permit them to make informed investment decisions relating to their purchase through such plans. Third, for a trade of a security from treasury of the issuer, the investor must be provided with a prospectus relating to the plan.

Part 3

Part 3 contains a number of operational safeguards designed to ensure the operational integrity of direct purchase plans. The provisions require the segregation of funds used for investment in direct purchase plans, the segregation of securities issued under direct purchase plans, and that the

administrators of the plans maintain proper bonding and insurance and record keeping, and provide investors with statements of account, in relation to such plans. These provisions are designed to replicate the requirements of the Regulations that impose similar obligations on registered dealers. Section 3.6 exempts from the bonding and insurance, record keeping and statement of account requirements banks and trust corporations, and other entities that are subject to substantially similar obligations under their governing legislation. The Commission understands that banks and trust corporations are subject to such obligations.

Part 4

Part 4 regulates the promotion of direct purchase plans.

Section 4.1 provides that no person or company may engage in promotional activities concerning a direct purchase plan, unless permitted by subsections (2) or (3). Subsection (2) allows the use of advertisements for direct purchase plans that contain only information about the operation of a direct purchase plan and information about how to obtain a prospectus relating to a direct purchase plan.

Subsection (3) provides that no person or company, other than a registrant, shall provide any investment advice or recommendations in connection with the purchase of securities under a direct purchase plan.

Section 4.2 provides that an issuer or plan administrator shall provide to any person or company purchasing securities through a direct purchase plan a disclosure statement; the section provides the text of the disclosure statement and is designed to emphasize to the investor that no investment advice is being made in connection with any investment under a direct purchase plan and that the investor is responsible for the investment decisions. This statement must be provided before the investor enters into a binding agreement of purchase and sale relating to a plan; this would typically take place when the investor joins the plan and makes an initial subscription.

Part 5

Section 5.1 provides that the Director may grant an exemption to the Rule, in whole or in part, subject to such conditions or restriction as may be imposed in the exemption.

Text of Rule

The text of the Rule follows.

August 3, 2001.

APPENDIX A

LIST OF COMMENTERS AND SUMMARY OF COMMENTS RECEIVED AND RESPONSES OF THE ONTARIO SECURITIES COMMISSION

LIST OF COMMENTERS

1. Ralph and Pat Burns
2. Canadian Advocacy Council of the Association for Investment Management and Research
3. Canadian Investor Relations Institute
4. Mr. Glen Corbett
5. Anthony Del Core
6. Emera Inc.
7. Ed Engel
8. Dale Ennis
9. Robert Finch
10. Louis-P. Fortier
11. Randy Gates
12. Robert Gibb
13. Bill Gray
14. Orysio Horos
15. Sushil Jain
16. Jane Johnson
17. Alex Kobelak
18. Roger Lange
19. Robert MacKenzie
20. Peter Marshall
21. Mike Mullen
22. Rick Nyman
23. Tomoko Reinberg
24. Eric Rendl
25. Security Transfer Association of Canada
26. Small Investor Protection Association
27. David W. Stanley
28. Joe Ursano

SUMMARY OF COMMENTS RECEIVED AND RESPONSES OF THE ONTARIO SECURITIES COMMISSION

1. GENERAL COMMENTS

All of the submissions received favoured the Rule. The commenters cited a variety of possible benefits of the Rule. One of the commenters indicated that the Rule could prove to be beneficial for the thousands of people who are striving to build their retirement nest eggs as the ease of use and low dollar increments needed would allow many investors to participate. Another commenter felt that the Rule would provide greater control to investors over their assets. Benefits such as enabling small investors to accumulate diversified holdings and utilize dollar cost averaging by regular purchases and/or dividend re-investment were also cited by a commenter. Two commenters maintained that the Rule would streamline the process of enrolling in company sponsored DRIP and Share Purchase Plan programs and attract more companies into these types of programs. Other commenters believed that the Rule would allow investors to purchase shares in companies that previously they could not buy due to the fact they could not afford the fees or board lots required by brokers. Finally, one commenter stated that direct purchase

plans allow investors to acquire small quantities or fractional shares at a lower cost, which in turn enables issuers to broaden their shareholder base, increase consumer loyalty and have access to capital at a lower cost.

2. SPECIFIC COMMENTS

(a) Account Statements

Section 3.5 of the Rule provides that the administrator of a direct purchase plan shall send to each investor in the plan, statements of account referred to in subsections 123(1) to (4) of the Regulation. These provisions require that a statement of account be sent to each client at the end of each month in which the client has effected a transaction and where the client has not effected a transaction, the dealer is required to send a statement of account not less than quarterly.

One commenter recommended that the account statement requirements be relaxed to permit a minimum of quarterly reporting and remove the requirement to provide monthly statements if activity took place in an account during the month. The commenter justified this recommendation by pointing out that this process would be identical to the current approach used in dividend reinvestment plans and that as electronic communication becomes more widely used it is likely that plan administrators will develop electronic account access which will provide immediate account information to investors.

RESPONSE:

The Commission's position has historically been that account statements are required monthly where there is activity taking place in an account during the month. The Commission sees no reason why its position should change in context of direct purchase plans. Moreover, the development of electronic account access should reduce the cost of making such information available.

(b) Minimum Quality Standard Safeguards

One commenter believes that direct purchase plans offer an avenue that will benefit small investors provided the regulators ensure that some do not take advantage to promote worthless shares in this manner. This commenter suggested that safeguards must be provided to prevent a situation developing similar to the experience with the penny stock dealers, where securities with relatively little inherent value were sold to investors.

Similarly, another commenter felt that the benefits derived from a direct purchase plan are dependent on whether an issuer has significant market capitalization as well as a relatively stable, long-term investment horizon. The commenter was concerned that the Rule, as written, may result in smaller, less capitalized issuers promoting unsuitable and speculative securities to uninformed retail investors. The commenter recommended that the Commission consider setting a minimum quality standard that would allow only certain issuers to offer direct purchase plans. The Commenter suggested some criteria that could be considered for such a minimum quality standard:

(i) Securities of issuers listed in a senior category on a recognized North American stock exchange;
(ii) Securities of issuer meeting option eligibility criteria;
(iii) Securities of exempt filers under TSE Rules; or
(iv) Issuers of investment grade debt securities.

The commenter believed that such a standard would ensure that securities sold under direct purchase plans are appropriate long-term investments and would provide important safeguards for the individual investor who may not be fully aware of potential risks in direct purchase plans.

RESPONSE:

Section 2.1 of the Rule requires the issuer or the plan administrator to provide a prospectus to purchasers for a trade of a security from treasury of the issuer. Also, since the issuers are all reporting issuers, a continuous disclosure record will exist for each issuer. The provision of a prospectus and the availability of the continuous disclosure record ensures full disclosure and therefore the Commission sees no reason to implement additional requirements with respect to those issuers that may use direct purchase plans.

(c) Bank/Agent Sponsored Plans

The Commission requested comments on whether the Rule should be broadened to provide necessary exemptive relief to permit the operation of bank/agent sponsored plans. One commenter responded, recommending that the Rule should not be amended at the present time to accommodate bank/agent sponsored plans. The commenter pointed out that with such plans, the issuer has minimal involvement with the plan and this proves difficult to create a prospectus. The commenter maintained that since the OSC believes that the use of a prospectus is fundamental to the operation of issuer sponsored plans and would expect that prospectuses would be required of a bank/agent sponsored plan, the commenter feared that dealing with this regulatory issue could impair the swift implementation of this rule and therefore recommended that this option not be considered at the present time.

RESPONSE:

The Commission agrees. The Commission will consider extending the Rule to bank/agent sponsored plans at a later date if appropriate.

(d) National Initiative

One commenter encouraged the Commission to work with the Canadian Securities Administrators (the "CSA") to ultimately ensure that a national instrument permitting direct purchase plans is in place across Canada. However the commenter urged the

Commission to continue to implement the Rule and not hold up implementation pending any possible CSA initiative. Four commenters who reside in other provinces wrote to express their support and encouragement for the adoption of the rule in both Ontario and other provinces.

RESPONSE:

The Commission agrees that the Rule should proceed in Ontario, but the Commission will work with the CSA to encourage a national initiative.

(e) Share Purchase Limits

One commenter suggested that, if there is a concern that direct purchase plans would be abused by frequent traders, any initial purchase be limited to 1 to 10 shares only and that larger subsequent purchases be restricted to the Share Purchase Plans that usually complement DRIP programmes.

RESPONSE:

There has been no evidence that the plans will be used as suggested and therefore the Commission does not believe the Rule requires amendment to limit the number of shares purchased.

ONTARIO SECURITIES COMMISSION RULE
RULE 32-501
DIRECT PURCHASE PLANS

TABLE OF CONTENTS

ONTARIO SECURITIES COMMISSION RULE
RULE 32-501
DIRECT PURCHASE PLANS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Rule

"administrator" means, for a direct purchase plan,

(a) a trustee, a custodian or an administrator of the direct purchase plan, or

(b) if the reporting issuer administers the direct purchase plan itself, the reporting issuer;

"direct purchase plan" means an arrangement operated by or on behalf of a reporting issuer under which a person or company is permitted to purchase securities of the reporting issuer's own issue

(a) directly from the treasury of the reporting issuer, or

(b) on a marketplace through the administrator of the direct purchase plan;

"plan advertisement" means a communication that is published or designed for use on or through a public medium for the purpose of disseminating information about a direct purchase plan;

"promotional activities" means any activities or communications intended to induce the purchase of securities through a particular direct purchase plan; and

"public medium" includes announcements, newspaper, television or radio advertisements, circulars, notices, investor fairs, and Internet Web sites.

PART 2 EXEMPTION FOR TRADES UNDER A DIRECT PURCHASE PLAN

2.1 Exemption for Trades Under a Direct Purchase Plan - Section 25 of the Act does not apply to a trade by an issuer or an administrator of the issuer in a security of the issuer's own issue under a direct purchase plan of the issuer if the following conditions are met:

1. The administrator of the plan satisfies the requirements of sections 3.1 and 3.2 in connection with the plan, and, if applicable, the requirements of sections 3.3, 3.4 and 3.5.

2. For a trade of a security from treasury of the issuer,

   (a) the issuer or the administrator of the plan, unless it has previously done so, sends by prepaid mail or delivers to the purchaser the latest prospectus relating to the plan and any amendment to the prospectus filed either before the purchaser enters into an agreement of purchase and sale resulting from the order or subscription or not later than midnight on the second day, excluding Saturday, Sundays and holidays, after entering into such agreement; and

   (b) the issuer provides to the purchaser, in the prospectus, the right to withdraw from the purchase analogous to the rights of a purchaser, and subject to the conditions, contained in section 71 of the Act.

3. An investor disclosure statement containing the information described in section 4.2 has been provided to the purchaser of the security in accordance with subsection 4.2(2).

PART 3 OPERATIONAL SAFEGUARDS

3.1 Segregation of Funds - All funds received by the administrator for investment through the direct purchase plan shall be deposited promptly into a segregated bank account with a Canadian financial institution, and used only to purchase securities under the direct purchase plan or to pay fees associated with the direct purchase plan.

3.2 Segregation of Securities

(1) All securities issued under a direct purchase plan held on behalf of purchasers by the administrator shall be

   (a) maintained in a separate account directly in the names of the purchasers, or in the name of the administrator, and allocated to each purchaser on a register maintained by the administrator; and

   (b) kept separate from any other securities held by the administrator.

(2) For securities deposited with a depository or clearing agency that operates a book-based system, the administrator shall ensure that the applicable participants in the book-based system or the administrator contain a designation sufficient to show that the beneficial ownership of the securities is vested in the purchasers under the direct purchase plan.

3.3 Bonding and Insurance - An administrator of a direct purchase plan shall maintain bonding or insurance, by means of a broker's blanket bond, in an amount of not less than $25,000.

3.4 Record Keeping - An administrator of a direct purchase plan shall maintain books and records necessary to record properly all transactions involving the direct purchase plan, and in doing so shall keep the records referred to in subsection 113(3) of the Regulation.

3.5 Statements of Account - The administrator of a direct purchase plan shall send to each investor in the direct purchase plan the statements of account referred to in subsections 123(1) to (4) of the Regulation.

3.6 Exemption for Regulated Institutions - Sections 3.3, 3.4 and 3.5 do not apply to an administrator of a direct purchase plan that is an institution that is subject to requirements under its governing legislation that are substantially similar to those contained in sections 3.3, 3.4 and 3.5.

PART 4 ADVERTISING AND DISCLOSURE REQUIREMENTS

4.1 Advertising Requirements

(1) No person or company may engage in promotional activities concerning a direct purchase plan, except as permitted in subsections (2) or (3).

(2) A person or company may place or distribute plan advertisements relating to a direct purchase plan that describe only

   (a) the existence and availability of the direct purchase plan;

   (b) the name of the reporting issuer whose securities are distributed under the direct purchase plan, and a brief description of the business carried on by the reporting issuer;

(c) the securities to be issued under the direct purchase plan;

(d) a description of how the direct purchase plan operates; and

(e) information about how a person or company may obtain a copy of the prospectus for the direct purchase plan.

(3) No person or company, other than a person or company that is registered under the Act, shall provide any investment advice or recommendations in connection with the purchase of securities under a direct purchase plan.

4.2 Disclosure Statement

(1) An issuer or plan administrator shall provide to any person or company purchasing securities through a direct purchase plan the following disclosure:

"Securities sold through the [name of issuer] direct purchase plan are sold under a rule of the Ontario Securities Commission that permits these sales without the involvement of a registered broker or dealer. A person or company making such a purchase therefore receives no investment advice concerning the purchase, does not have the benefit of the assistance of a broker or dealer and is solely responsible for assessing the appropriateness of the investment for himself, herself or itself. A person or company that wishes to receive investment advice in connection with the direct purchase plan should contact his, her or its broker or dealer."

(2) The disclosure required by subsection (1) shall be contained in a separate document given to the purchaser before he, she or it enters into a binding agreement of purchase and sale for securities under a direct purchase plan.

PART 5 EXEMPTION

5.1 Exemption - The Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

Chapter 6

Request for Comments

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesScource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds Issuers of exempt financings that they are responsible for the completeness, accuracy and timely filing of Forms 20 and 21 pursuant to section 72 of the Securities Act and section 14 of the Regulation to the Act. The information provided is not verified by staff of the Commission and is published as received except for confidential reports filed under paragraph E of the Ontario Securities Commission Policy Statement No. 6.1.

Reports of Trades Submitted on Form 45-501f1

Trans. Date	Security	Price ($)	Amount
12Jul01	Acuity Investment Management Inc. - Trust units	150,000	9383
21Jun01	American Greetings - 11.75% Senior Subordinated Notes due 2008	$17,827,479	$12,000,000
15Feb01	Arrow Electronics, Inc. - Zero Coupon Convertible Senior Debentures Due 2021	996,358	2,200,000
09Jul01	Atna Resources Ltd. - Common Shares withourt par value	304,785	648,480
08Jun01	BPI American Opportunities Fund - Units	151,990	1,252
22Jun01	BPI American Opportunities Fund - Units	5,000	41
15Jun01	BPI American Opportunities Fund - Units	152,450	1264
01Feb01	Brandes Canada International Equity Unit Trust - Trust Units	7,499,985	397,586
02Oct00	Brandes Canada Global Equity Unit Trust - Trust Units	3,000,000	177,722
02Oct00	Brandes Canada Global Equity Unit Trust - Trust Units	4,800,000	284,355
02Oct00	Brandes Canada Global Equity Unit Trust - Trust Units	7,512,595	445,052
01Jun01	Brandes Canada Global Equity Unit Trust - Trust Units	1,500,000	83,367
01Mar00	Brandes Canada Global Equity Unit Trust - Trust Units	4,200,000	329,822
09Jul01	Burgundy Japan Fund -	150,000	9,418
09Jul01	Burgundy Japan Fund -	200,000	12,557
09Jul01	Burgundy Small Cap Value Fund -	200,000	4,812
09Jul01	Burgundy Small Cap Value Fund -	174,426	4,196
09Jul01	Burgundy Small Cap Value Fund -	883,590	21,259
09Jul01	Burgundy Smaller Companies Fund -	662,693	32,309
09Jul01	Burgundy Smaller Companies Fund -	662,693	32,309
09Jul01	Burgundy Smaller Companies Fund -	130,820	6,378
09Jul01	Burgundy Smaller Companies Fund -	150,000	7,313
20Jul01	CAI Capital Corporation - Redeemable Class A Preferred Shares, Series ' and Class B Preferred Shares	4,900, 15,200	49, 152 Resp.
25Jul01	Cambior Inc. - Common Shares	500,000	500,000
19Jul01	Canadian Hydro Developers, Inc. - Common Shares	2,911,000	820,000
11Jul01	Case Resources Inc. - Common Shares		1,511,000
17Jul01	CERTAPAY INC. - Common Shares	250,000	5,000,000
05Jan01	Charter Communications Holdings, LLC - Senior Notes	16,526,176	10,930,000
20Jun01	Concord EFS, Inc. - Common Stock	1,571,238	20,500
29Jun01	Empire Energy Corporation - Class B Redeemable Voting Shares	3,354,493	20,126,967
29Jun01	Empire Exchangeco Ltd. - Series A Non-Voting Exchangeable shares	3,354,493	3,354,493

Trans. Date	Security	Price ($)	Amount
12Jul01	Energy Ventures Inc. - Promissory note and Series E Special Warrants	150,000	150,000
07Mar01	France Telecom - 8.50% Notes due 2031	5,954,640	6,000,000
06Jul01	Friends Provident plc - Ordinary Shares -Amended	17,976,341	3,700,000
26Jun01	Galyan's - Common Stock	543,751	18,700
31Jul01	Girby Road (Mobile) Associates Limited Partnership - Units	3,048	40,000
09Jul01	GM Capital Partners I, L.P. - Limited Partnership Interests	3,817,115	100,000,000
27Jun01	H.J. Heinz Finance Company - 6.625% Guaranteed Notes due July 15, 2011	$25,853,054	$17,000,000
29Jun01	IBM Canada Inc. -	14,750,000	
12Jul01	iForum Financial Network Inc. - Convertible Debentures	150,000	150,000
12Jul01	Infineon Technologies AG - Ordinary Registered Shares	213,300	10,000
21Jun01	JCDecaux SA - Ordinary Shares	742,451	25,000
09Jul01	Leeward Bull & Bear Fund L.P. - Limited Partnership Units	100,000	100
08Mar01	Loudcloud, Inc. - Common Stock	600,000	100,000
17Jul01	Maxxum Financial Services - Class A Units	150,000	1,496
06Jul01	Maxxum Financial Services - Class A Units	150,000	1,482
27Jun01	Mission Energy Holding Company - 13.50% Senior Secured Notes due 2008	4,889,500	5,000,000
09Jul01	North Growth U.S. Equity Fund - Units	150,000	7,462
27Jun01	Office Depot - 10.00% Senior Subordinated Notes due 2008	$7,520,004	$5,000,000
07Mar01	Renaissancere Holdings Ltd. - Common Shares	433,200	6,000
23Jun01	Rosseau Limited Partnership - Limited Partnership Units	319,000	117
13Jul01	Salomon Brothers Capital Fund Inc.- Class Y Shares	38,317,834	1,492,708
13Jul01	SHAAE (2001) Master Limited Partnership - Units	25,487,136	1,573
14Jun01	SHAAE (2001) Master Limited Partnership - Units (Amended)	6,688,170	412
16May01	Skypoint Telecom Fund II, L.P. -	2,474,157	16,067
15Apr01	Skyservice Airlines Inc. - Special Warrants	50,000	20,000
29Jun01	Spectra Securities Software Inc. - Secured Debenture	5,000,000	3
29Jun01	Spectra Securities Software Inc. - Series C Secured Debenture	372,816	1
18Jun01	Teekay Shipping Corporation - 8.875% Senior Notes due July 15, 2011	$49,244,800	$32,000,000
17May01	Tellium Inc. - Common Stock	1,350,000	90,000
01Apr01	The K2 Arbitrage Fund L.P. - Limited Partnership Units	285,000	285
28May01	The K2 Arbitrage Fund L.P. - Limited Partnership Units	375,000	375
24Jan01	Time Warner Telecom Inc. - 1/8% Senior Notes due 2011	1,505,000	1,505,000
03Jul01	Triax MediaVentures Limited Partnership - Limited Partnership Units	49,623,390	46,377
06Jul01	Trident Global Opportunities Fund - Units	710,076	6,686
15Jun01	Trident Global Opportunities Fund - Units	1,671,972	15,683
29Jun01	Trident Global Opportunities Fund - Units	601,487	5,666
22Jun01	Trident Global Opportunities - Units	516,767	4,852
12Jul01	UBS AG - Foreign Currency Return Note	US$100,000	100

Resale of Securities - (Form 45-501f2)

Date of Resale	Date of Orig. Purchase	Seller	Security	Price ($)	Amount
11Jul01 to 12Jul01	30Apr98	Bank of Montreal	724 Solutions Inc. - Common Shares	189,262	19,900
11Jul01	07Jan00	Investor Group Trust Co. Ltd. as Trustee for Investors Global Science & Technology Fund	Eletrofuel Inc. - Common Shares	2,066,736	412,300
29Jun01	07Jan00	Investors Group Trust Co. Ltd. as Trustee for Investors Global Science & Technology Fund	Electrofuel Inc. - Common Shares	417,450	60,500

Notice of Intention to Distribute Securities Pursuant to Subsection 7 of Section 72 - (Form 23)

Seller	Security	Amount
Brompton Financial Limited	Acclaim Energy Inc. - 6% Unsecured Subordinated Debentures due December 31, 2003	1,990,000
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares and Multiple Voting Shares	19,765, 100,000 Resp.
Rivkin, Mark	CryptoLogic Inc. - Common Shares	275,000
Sugi Capital Corp.	CTM Cafes Inc. - Common Shares	300,000
Gnydjenko, James M.	CTM Cafes Inc. - Common Shares	300,000
Xentolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	106,300
Bradstone Equity Partners, Inc.	Peruvian Gold Limited - Common Shares	1,000,000
Catherine and Maxwell Meighen Foundation, The	Third Canadian General Investment Trust - Common Shares	207,200

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Chapter 9

Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Alberta Energy Company Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Shelf Prospectus dated July 26th, 2001
Mutual Reliance Review System Receipt dated July 26th, 2001
Offering Price and Description:
$500,000,000 - Medium Term Notes Debentures (Unsecured)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #376513

Issuer Name:
AT Plastics Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 1st, 2001
Mutual Reliance Review System Receipt dated August 1st, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Yorkton Securities Inc.
Thomson Kernaghan & Co. Limited
Promoter(s):
-
Project #377676

Issuer Name:
Defiant Energy Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated July 27th, 2001
Mutual Reliance Review System Receipt dated July 31st, 2001
Offering Price and Description:
Up to $* - Up to * Common Shares. Price: $* per Common Share and 3,344,702 Common Shares issuable upon the exercise of 1,934,997 Common Special Warrants and 1,409,705 Flow-Through Special Warrants
Underwriter(s) or Distributor(s):
Dominick & Dominick Securities Inc.
Jennings Capital Inc.
Promoter(s):
David J. Evans
Timothy V. Dunne
Project #377544

Issuer Name:
NCE Petrofund
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated July 27th, 2001
Mutual Reliance Review System Receipt dated July 27th, 2001
Offering Price and Description:
$37,500,000 - 2,500,000 Trust Units. Price: $15.00 per Trust Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Yorkton Securities Inc.
Promoter(s):
-
Project #376697

Issuer Name:
NHC Communications Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated July 26th, 2001
Mutual Reliance Review System Receipt dated July 26th, 2001
Offering Price and Description:
$18,000,000 - Rights to Subscribe for up to 10,000,000 Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #376402

Issuer Name:
Quebecor World Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated July 27th, 2001
Mutual Reliance Review System Receipt dated July 27th, 2001
Offering Price and Description:
$150,000,000 - 6,000,000 Shares 6.90% Cumulative Redeemable First Preferred Shares, Series 5. Price: $25.00 per Share to yield 6.90% per annum
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Merrill Lynch Canada Inc.
CIBC World Markets Inc.
TD Securities Inc.
Promoter(s):
-
Project #376665

Issuer Name:
Riverstone Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated July 27th, 2001
Mutual Reliance Review System Receipt dated July 30th, 2001
Offering Price and Description:
$2,250,000 - * Units . Each Unit Consists of one Common Share in the capital of the Company
and one-half of one Common Share purchase warrant, each whole Warrant entitling the holder to purchase
on additional common share for a period of one year from the closing of the Offering at a price of $* per Warrant Shares
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
Promoter(s):
-
Project #376849

Issuer Name:
StrategicNova U.S. Large Cap Growth Fund Ltd.
StrategicNova Canadian Dividend Fund Ltd.
StrategicNova Commonwealth World Balanced Fund Ltd.
StrategicNova Canadian Large Cap Growth Fund
StrategicNova Canadian Large Cap Value Fund
StrategicNova Canadian Midcap Growth Fund
StrategicNova Canadian Midcap Value Fund
StrategicNova Canadian Small Cap Fund
StrategicNova U.S. Large Cap Value Fund
StrategicNova U.S. Midcap Value Fund
StrategicNova U.S. Midcap Value RSP Fund
StrategicNova U.S. Small Cap Fund
StrategicNova Asia-Pacific Fund
StrategicNova Emerging Markets Fund
StrategicNova Europe Fund
StrategicNova Europe RSP Fund
StrategicNova Japan Fund
StrategicNova Latin America Fund
StrategicNova World Large Cap Fund
StrategicNova World Equity Fund
StrategicNova World Equity RSP Fund
StrategicNova Canada Natural Resources Fund
StrategicNova Canadian Technology Fund
StrategicNova SAMI Fund
StrategicNova USTech Fund
StrategicNova World Precious Metals Fund
StrategicNova Canadian High Yield Bond Fund
StrategicNova Government Bond Fund
StrategicNova Income Fund
StrategicNova Money Market Fund
StrategicNova World Convertible Debentures Fund
StrategicNova Canadian Asset Allocation Fund
StrategicNova Canadian Balanced Fund
StrategicNova TopGuns Fund
StrategicNova Canadian Aggressive Balanced Fund (formerly StrategicNova World Balanced Value RSP Fund)
StrategicNova World Strategic Asset Allocation Fund
StrategicNova World Strategic Asset Allocation RSP Fund

Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 30th, 2001
Mutual Reliance Review System Receipt dated August 1st, 2001
Offering Price and Description:
Series F, I & O Units
Underwriter(s) or Distributor(s):
None
Promoter(s):
-
Project #376939

Issuer Name:
Co-operates Canadian Money Market Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 23rd, 2001 to the Simplified Prospectus and Annual Information Form dated October 2nd, 2000
Mutual Reliance Review System Receipt dated 30th day of July, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):

Project #285656

Issuer Name:
PRIMERICA CANADIAN AGGRESSIVE GROWTH PORTFOLIO FUND
PRIMERICA INTERNATIONAL AGGRESSIVE GROWTH PORTFOLIO FUND
PRIMERICA INTERNATIONAL RSP AGGRESSIVE GROWTH PORTFOLIO FUND
PRIMERICA CANADIAN HIGH GROWTH PORTFOLIO FUND
PRIMERICA INTERNATIONAL HIGH GROWTH PORTFOLIO FUND
PRIMERICA CANADIAN GROWTH PORTFOLIO FUND
PRIMERICA INTERNATIONAL GROWTH PORTFOLIO FUND
PRIMERICA CANADIAN BALANCED PORTFOLIO FUND
PRIMERICA CANADIAN CONSERVATIVE PORTFOLIO FUND
PRIMERICA CANADIAN INCOME PORTFOLIO FUND
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 20th, 2001 to the Simplified Prospectus and Annual Information Form dated November 29th, 2000
Mutual Reliance Review System Receipt dated 30th day of July, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):

Project #304420

Issuer Name:
Scotia Global Income Fund
Scotia Emerging Markets Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 18th, 2001 to Simplified Prospectus and Annual Information Form dated November 30th, 2000
Mutual Reliance Review System Receipt dated 25th day of July, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):

Project #305347

Issuer Name:
Scotia Canadian Bond Index Fund
Scotia Canadian Short-Term Income Fund
Scotia Global Income Fund
Scotia Canadian Stock Index Fund
Scotia Canadian Growth Fund
Scotia Canadian Mid-Large Cap Fund
Scotia Precious Metals Fund
Scotia American Stock Index Fund
Scotia International Stock Index Fund
Scotia International Growth Fund
Scotia Emerging Markets Inc.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 18th, 2001 to Simplified Prospectus and Annual Information Form dated November 30th, 2000
Mutual Reliance Review System Receipt dated 25th day of July, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):

Project #304456

Issuer Name:
Cedara Software Corp.
Type and Date:
Preliminary Prospectus dated April 25th, 2001
Closed on July 26th, 2001
Offering Price and Description:
$7,100,000 Principal Amount of 5.00% Unsecured Subordinated Convertible Debentures Issuable in repayment of previously issued Promissory Notes.
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #350145

Issuer Name:
AltaRex Corp.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated July 26th, 2001
Mutual Reliance Review System Receipt dated 27th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #370731

Issuer Name:
BioEnvelop Technologies Corporation
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 30th, 2001
Mutual Reliance Review System Receipt dated 1st day of August, 2001
Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

Project #352382

Issuer Name:
Intier Automotive Inc.
Principal Regulator - Ontario
Type and Date:
Final PREP Prospectus dated July 31, 2001
Mutual Reliance Review System Receipt dated 31st day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
Magna International Inc.
Project #372696

Issuer Name:
Megawheels.com Inc.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated July 30th, 2001
Mutual Reliance Review System Receipt dated 30th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Martin A. Hilsenteger
Project #371191

Issuer Name:
Norrep 2001 Flow-Through Limited Partnership
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated July 27th, 2001
Mutual Reliance Review System Receipt dated 27th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
FirstEnergy Capital Corp.
HSBC Securities (Canada) Inc.
Peters & Co. Limtied
Yorkton Securities Inc.
Promoter(s):
Hesperian Capital Management Ltd.
Project #370090

Issuer Name:
Hudson's Bay Company
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated June 26th, 2001
Mutual Reliance Review System Receipt dated 27th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #371449

Issuer Name:
John Deere Credit Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated July 31st, 2001
Mutual Reliance Review System Receipt dated 1st day of August, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
Merrill Lynch Canada Inc.
Promoter(s):
Deere & Company
Project #375158

Issuer Name:
Solar Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 31, 2001
Mutual Reliance Review System Receipt dated 1st day of August, 2001
Offering Price and Description:
$214,660,426 (approximate) Commercial Mortgage Pass-Through Certificates, Series 2001-1
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
TD Securities Inc.
Project #374597

Issuer Name:
Canadian Balanced Retirement Savings Fund
Canadian Money Market Fund
Canadian Bond Fund
Canadian Equity Fund
New Canada Fund
Canadian Income Fund
Canadian Diversified Investment Fund
U.S. Equity Fund
World Investment Fund
High Yield Bond Fund
Principal Regulator - Alberta
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 30th, 2001
Mutual Reliance Review System Receipt dated 30th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Mawer Investment Management
Promoter(s):
-
Project #371196

Issuer Name:
Georgian Global Financial Services Fund
Georgian Northern 24 Fund
Georgian Global 24 Fund
Georgian Bond Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 25th, 2001
Mutual Reliance Review System Receipt dated 27th day of July 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #368446

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Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Alternum Capital Attention: Jeffrey David Francoz 135 King Street East Toronto ON M5C 1G6	Investment Counsel & Portfolio Manager	Jul 27/01
New Recognition	Carida Investments Inc. 30 St. Clair Avenue West Suite 901 Toronto ON M4V 3A1	Exempt Purchaser	Jul 26/01

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Chapter 13

SRO Notices and Disciplinary Proceedings

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 25

Other Information

25.1 Consent

25.1.1 Northgate Exploration Limited - ss. 4(b), OBCA Reg.

Headnote

Consent given to an OBCA corporation to continue under the laws of British Columbia.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s.181.

Securities Act, R.S.O. 1990, c. S.5, as am.

Company Act (British Columbia), R.S.B.C. 1996, c.62.

Regulations Cited

Regulation made under the Business Corporation Act, O. Reg. 289/00.

IN THE MATTER OF
THE REGULATION MADE UNDER
THE BUSINESS CORPORATIONS ACT,
R.S.O. 1990, CHAPTER c.B.16 (THE "OBCA")
O. Reg. 289/00 (THE "REGULATION")

AND

IN THE MATTER OF
NORTHGATE EXPLORATION LIMITED

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Northgate Exploration Limited ("Northgate") to the Ontario Securities Commission (the "Commission") requesting a consent from the Commission to continue in another jurisdiction pursuant to subsection 4(b) of the Regulation;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON Northgate having represented to the Commission that:

1. Northgate is a corporation governed by the OBCA;

2. Northgate is proposing to submit to the Director under the OBCA an application pursuant to section 181 of the OBCA for authorization to continue as a corporation under the provisions of the *Company Act* (British Columbia) (the "Application for Continuance");

3. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission;

4. Northgate's issued and outstanding common shares currently trade on The Toronto Stock Exchange and Northgate is an offering corporation under the provisions of the OBCA and a reporting issuer within the meaning of the *Securities Act* R.S.O. 1990, c.S-5, as amended (the "*Securities Act*");

5. Northgate is not in default of any requirements of the *Securities Act* or the regulations or rules made under the *Securities Act*;

6. Northgate is not a party to any proceedings or to the best of its knowledge, information and belief, any pending proceedings under the *Securities Act*;

7. There are no actions, suits or proceedings pending against Northgate and no unsatisfied judgments or orders outstanding against Northgate, except that Northgate's subsidiaries are involved in various claims and lawsuits relating to the unresolved construction liens at the Kemess Mine in British Columbia arising from the bankruptcy of the previous owner, Royal Oaks Mines Inc. In the opinion of Northgate's management, these claims and lawsuits in the aggregate will not have a material adverse effect on Northgate's consolidated financial statements or financial position;

8. Northgate presently intends to continue to be a reporting issuer under the *Securities Act*;

9. Northgate's shareholders approved the Continuance at an annual and special meeting of shareholders held on June 8, 2001 (the "Meeting") by passing a special resolution;

10. The Notice of Annual and Special Meeting of Shareholders for the Meeting provided to all shareholders of Northgate advised that pursuant to Section 185 of the *Business Corporations Act* (Ontario), if any shareholders of Northgate objected to the Continuance by way of written notice to Northgate on or prior to the Meeting, and the Continuance was nevertheless given effect, then in accordance with Section 185 of the *Business Corporations Act* (Ontario), the dissenting shareholder would be entitled to be paid the fair value of the shares held by the shareholder. Northgate

confirms that no written objections from any shareholders were received with respect to their dissent rights;

11. The material rights, duties and obligations of a corporation existing under the *Company Act* (British Columbia) are substantially similar to those of a corporation governed by the OBCA; and

12. The Continuance has been proposed because Northgate's operations are coordinated by management located at its offices in Vancouver, British Columbia. Accordingly, there will be administrative, regulatory and cost reduction benefits that will result from the Continuance.

THE COMMISSION HEREBY CONSENTS to the continuance of Northgate as a corporation under the *Company Act* (British Columbia).

July 24, 2001.

"Paul M. Moore" "Stephen N. Adams"

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